

Complaint

IN THE MATTER OF

MAIN SEWING CENTER, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT*Docket C-1340. Complaint, May 20, 1968—Decision, May 20, 1968*

Consent order requiring an Elkhart, Ind., seller of sewing machines, vacuum cleaners and similar products to cease using bait advertising, false pricing and saving claims, fictitious contests, false guarantees, and other deceptive sales practices.

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 Main Sewing Center, Inc., a corporation, and Eugene G. Van Dusen and Gene A. Bridger, 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. Main Sewing Center, 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 1039 South Main Street, in the city of Elkhart, State of Indiana.

Respondents Eugene G. Van Dusen and Gene A. Bridger are individuals and 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 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 sewing machines, vacuum cleaners and related products directly to the public and to other retailers for resale 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 products, when sold, to be shipped from their places of business in the State of Indiana to purchasers thereof located in various other States of the United States, and maintain, and at all times mentioned

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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. Basically, respondents' sales plan is to locate or to secure the location of registration boxes and display material in a high density traffic area, such as a supermarket, where persons are requested or invited to register for a drawing, offering as a prize a free sewing machine. After the prize is awarded, registrants, who failed to win, receive from respondents a letter and credit of specified monetary value to be applied to the purchase of a sewing machine offered at a reduced price or other designated appliance or receive from respondents a letter offering an opportunity to win such a credit or allowance by participation in a lucky number contest. Although respondents advertise low priced appliances in such letters and in newspaper classified ads, their salesmen undertake to sell, and in many instances, do sell higher priced appliances to their customers who respond to such offers.

PAR. 5. In the course and conduct of their aforesaid business, and for the purpose of inducing the purchase of their products, the respondents have made, and are now making, numerous statements and representations in advertisements inserted in newspapers and in promotional material with respect to drawings, sales promotions, limitations to product offers, merchandise prices and guarantees.

Typical and illustrative of said statements and representations, but not all inclusive thereof, are the following:

WE THANK YOU FOR YOUR PARTICIPATION IN OUR RECENT DRAWING * * * AND ALTHOUGH YOU DID NOT WIN THE MAJOR PRIZE, YOUR NAME WAS SELECTED IN THE SECOND GROUP. THIS ENTITLES YOU TO A \$60.00 CHECK CERTIFICATE WHICH MAY BE APPLIED AT ITS FULL VALUE ON THE PURCHASE OF ANY DOMESTIC, NEW HOME, RICCAR OR NECCHI SEWING MACHINE * * * YOUR CHECK CERTIFICATE MAY BE USED AS FOLLOWS:

New home zig zag model 104.....	\$99. 50
Less your check certificate.....	60. 00
Total cost to you.....	39. 50

OR IF YOU WISH YOU MAY USE YOUR \$60.00 CERTIFICATE ON ONE OF OUR ROYAL VACUUM CLEANERS

* * * * *

ALL MACHINES ARE * * * COMPLETELY GUARANTEED.

* * * * *

P.S.—Please mail card today as this offer is completely void after ten days.

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Lucky Number
Pull Tab

Congratulations:

You have been selected to participate in the all new

DOMESTIC SWEEPSTAKES

HERE is your opportunity. Compare the serial number on your letter against the enclosed list of lucky numbers, by removing the tab. It may mean extra savings to you.

Your letter may be used toward the purchase of the famous DOMESTIC MODEL ROBIN 164 SEWING MACHINE. * * * It is especially priced at \$149.00.

* * * * *

Group No. 1 winners are eligible for \$59.95 discount on any machine, and Group No. 2, \$29.95.

* * * * *

Thank you for your interest in our recent free Sewing Machine Drawing. As a result, you have been selected to participate in the NECCHI-DOMESTIC Sewing Machine Sweepstakes.

* * * * *

At this time we have a special sale on one of our Brand New 1967 DOMESTIC ZIG ZAG SEWING MACHINES. The usual price is \$109.00. This model is now on sale at only \$99.50 Any sweepstake winnings you may have won in this contest will be deducted from the price of \$99.50. * * *

* * * * *

NECCHI Zig Zag sewing machine * * * \$43.80 * * * Guaranteed. * * *

* * * * *

SINGER electric sewing machine * * * guaranteed, \$18.88 * * *

PAR. 6. 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:

1. That they are conducting bona fide drawings and bona fide contests to determine the identity of persons eligible to purchase articles of their merchandise at reduced or discount prices.

2. That as part of a bona fide promotional program, they are awarding valuable prizes of specified amounts as credits or allowances to be applied to the regular retail or sale price of designated articles of their merchandise.

3. That they are making bona fide offers to sell new sewing machines for \$18.88, \$43.80 and various other prices not set forth herein.

4. That their price of \$109.50 for their 1967 Domestic Zig Zag Sewing Machine and their price of \$149 for their Domestic Model Robin 164 Sewing Machine are the prices at which the said articles of merchandise were sold or offered for sale in good faith by respond-

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ents at retail for a reasonably substantial period of time in the recent, regular course of their business.

5. By use of the words "special savings," "on sale" or other word or words of similar import or meaning, that respondents' offering prices for certain sewing machines constitute a substantial reduction from a higher price or prices at which such machines were sold or offered for sale in good faith by respondents at retail for a reasonably substantial period of time in the recent, regular course of their business and that the difference between such higher price or prices and the corresponding lower offering price for the said machines represents a savings to the purchaser.

6. That their said awards of credits or allowances are made only to a limited number of specially selected persons for a limited period of ten days.

7. That their sewing machines are unconditionally guaranteed.

PAR. 7. In truth and in fact:

1. Respondents are not conducting bona fide drawings or bona fide contests to determine the identity of persons eligible to purchase articles of their merchandise at reduced or discount prices. Their purpose in conducting such drawings and contests is to attract prospective purchasers of their higher priced merchandise.

2. Respondents do not award valuable prizes of specified amounts as credits or allowances to be applied to the regular retail or sale price of designated merchandise as part of a bona fide promotional program. Credits or allowances, granted pursuant to the said promotional program, are not deducted from respondents' regular retail or sale prices but from higher prices and therefore, such prizes are illusory.

3. The advertised offers to sell new sewing machines for \$18.88, \$13.80 and various other prices not set forth herein are not bona fide offers, but are made for the purpose of obtaining leads to prospective purchasers of respondents' sewing machines. After obtaining such leads, respondents or respondents' salesmen disparage the advertised sewing machine by act or words or both, and attempt to sell and, in many instances, do sell higher priced sewing machines to such purchasers.

4. Their price of \$109.50 for their 1967 Domestic Zig Zag Sewing Machine or their price of \$149 for their Domestic Model Robin 164 Sewing Machine are not the prices at which the said articles of merchandise were sold or offered for sale in good faith by respondents at retail for a reasonably substantial period of time in the recent, regular course of their business but are considerably in excess of such prices.

5. The prices referred to in respondents' offers of sewing machines in connection with the words "special savings," "on sale" or other word or words of similar import or meaning do not constitute a substantial reduction from a higher price or prices at which such machines were sold or offered for sale in good faith by respondents at retail for a reasonably substantial period of time in the recent, regular course of their business and purchasers are not afforded savings between such higher price or prices and the corresponding lower offering price for the said machines.

6. Respondents' said offers were not made to only a limited number of or to specially selected persons but were made generally to members of the purchasing public. Said offers were not limited to ten days but were available beyond that period of time.

7. Respondents' sewing machines are not unconditionally guaranteed but are subject to numerous terms, conditions and limitations which are not revealed in their advertising of such guarantees.

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

PAR. 8. In the course and conduct of their business, as aforesaid, respondents or their salesmen in a substantial number of cases fail 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 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 the tendency and capacity to induce a substantial number of such persons to enter into contracts

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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 sell, transfer and assign said notes and contracts to finance companies or third parties so as to bring about the aforementioned changes in legal obligations and relationships.

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

PAR. 9. 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 sewing machines, vacuum cleaners and related products of the same general kind and nature as those sold by respondents.

PAR. 10. By and through the use of the aforesaid acts and practices, respondents place in the hands of retailers, dealers and others the means and instrumentalities by and through which they may mislead and deceive the public in the manner and as to the things hereinabove alleged.

PAR. 11. 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 the said statements and representations were and are true and into the purchase of substantial quantities of respondents' products by reason of such erroneous and mistaken belief.

PAR. 12. 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.

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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 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 Act, 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 Main Sewing Center, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Indiana, with its office and principal place of business located at 1039 South Main Street, in the city of Elkhart, State of Indiana.

Respondents Eugene G. Van Dusen and Gene A. Bridger 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 Main Sewing Center, Inc., a corporation, and its officers, and Eugene G. Van Dusen and Gene A. Bridger, individually and as officers 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 sewing machines, vacuum cleaners and related products or other products in commerce, do forthwith cease and desist from:

1. Representing, directing or by implication, that names of winners are obtained through drawings, contests or by chance when all of the names selected are not chosen by lot; or misrepresenting, in any manner, the method by which names are selected.

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2. Representing, directly or by implication, that awards or prizes are of a certain value or worth when recipients thereof are not in fact benefited by or do not save the amount of the represented value of such awards or prizes.

3. Representing, directly or by implication, that any merchandise, product or service is offered for sale when such offer is not a bona fide offer to sell such merchandise, product or service on the terms and conditions stated; or using any advertising, sales plan or procedure involving the use of false, deceptive or misleading statements to obtain leads or prospects for the sale of their merchandise.

4. Disparaging or discouraging in any manner the purchase of any advertised products.

5. Representing, directly or by implication, that any amount is respondents' usual and customary retail price for an article of merchandise when such amount is in excess of the price or prices at which such article of merchandise has been sold or offered for sale in good faith by respondents at retail for a reasonably substantial period of time in the recent, regular course of their business.

6. Representing, directly or by implication, that any savings, discount, credit or allowance is given purchasers as a reduction from respondents' selling price for specified merchandise unless such selling price is the amount at which said merchandise has been sold or offered for sale in good faith by respondents at retail for a reasonably substantial period of time in the recent, regular course of their business.

7. Using the words "special savings," "on sale" or any other word or words of similar import or meaning as descriptive of any price amount: *Provided, however*, That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that such price constitutes a substantial reduction from the price at which such merchandise was sold or offered for sale in good faith by respondents at retail for a reasonably substantial period of time in the recent regular course of their business.

8. Representing, directly or by implication, that any offer of products or merchandise is: (a) limited as to time; (b) made to a limited number of persons; or (c) restricted or limited in any other manner: *Provided, however*, That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that any represented limitations or restrictions were actually in force and in good faith adhered to.

9. Representing, directly or by implication, that 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 and conspicuously disclosed.

10. Misrepresenting, in any manner, drawings, contests, offers, prizes, limitations to offers, prices, contracts, guarantees or any savings available to purchasers of respondents' products.

11. Furnishing or otherwise placing in the hands of others any means or instrumentality by or through which they may mislead or deceive the public in the manner or as to the things hereinabove prohibited.

12. Failing to disclose orally 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 respondent's 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.

13. 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 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

WILLIAM N. BEESLEY, JR., ET AL.*

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

Docket C-1341. Complaint, May 20, 1968—Decision, May 20, 1968

Consent order requiring a Springfield, Ill., seller of chinchilla breeding stock to cease misrepresenting the profits to be made in chinchilla breeding, the fertility of his stock, and making other false claims.

*Formerly trading as Great Lakes Chinchilla Company, etc.

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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 William N. Beesley, Jr., an individual who traded and did business as Great Lakes Chinchilla Company, and as Chinchilla Guild of America, Great Lakes Division, 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 William N. Beesley, Jr., is an individual who traded and did business under the name Great Lakes Chinchilla Company. His principal place of business was located at 148 Maple Grove, Springfield, Illinois which is his present address.

Respondent, until September 1966, also traded and did business as Chinchilla Guild of America, Great Lakes Division.

PAR. 2. Respondent for some time prior to March 1967 was 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 aforesaid business, respondent has caused his said chinchillas, when sold, to be shipped from his place of business in the State of Illinois to purchasers thereof located in various other States of the United States, and maintained, and at all such times 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 his aforesaid business, and for the purpose of obtaining the names of prospective purchasers and inducing the purchase of said chinchillas, respondent made numerous statements and representations in direct mail advertising and through the oral statements and display of promotional material to prospective purchasers by his salesmen, with respect to the breeding of chinchillas for profit without previous experience, the rate of reproduction of said animals, the expected return from the sale of their pelts, the market value of said animals as breeding stock, their quality, their warranty, the training assistance and inspection services to be made available to purchasers and the status of his organization.

Typical and illustrative of said statements and representations, but not inclusive thereof, were the following:

Many chinchilla ranchers are earning thousands of dollars a year IN THEIR SPARE TIME. Turn extra room into additional income for education, travel,

retirement. With just a few hundred dollars invested YOU CAN PULL YOURSELF OUT OF THAT MONTHLY PAYROLL RUT!!

PROFITS ARE HIGH—Quality pelts are valued at \$20–\$55 on today's market. The demand for pelts increases year after year.

Professional assistance from well-trained service people assures success, even if you have no experience.

Turn that extra room into potential Income, for Education, Travel or Retirement.

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

* * * OUR BREEDERS ARE WARRANTED to live 3 years and reproduce.

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, and through the oral statements and representations made in sales presentations to purchasers, respondent represented, directly or by implication, that:

1. It is commercially feasible to breed and raise chinchillas in homes, basements, garages or spare rooms and large profits can be made in this manner.
2. The breeding of chinchillas for profit requires no previous experience.
3. The breeding stock of four female chinchillas and four male chinchillas purchased from respondent will result in live offspring as follows: 16 the first year, 64 the second year, 208 the third year, 640 the fourth year, and 1,936 the fifth year.
4. All of the offspring referred to in Paragraph Five (3) above will have pelts selling for an average price of \$25 per pelt, and that pelts from offspring of respondent's breeding stock generally sell from \$20 to \$55 each.
5. Chinchillas sold by respondent are choice quality breeding stock and have a market value ranging from \$150 to \$350 each.
6. Each female chinchilla purchased from respondent and each female offspring will produce at least four live young per year.
7. A purchaser starting with four females and four males of respondent's chinchillas will have a minimum gross income of at least \$12,000 a year from the sale of pelts at the end of the fifth year.
8. Chinchilla breeding stock purchased from respondent is unconditionally warranted to live three years and reproduce.
9. Purchasers of respondent's breeding stock would have their chinchillas inspected by a Guild ranch inspector at least three times per year or as required.
10. Chinchillas are hardy animals and are not susceptible to diseases.
11. Purchasers of respondent's breeding stock would be given guidance in the care of and breeding of chinchillas.

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12. Through the use of the word "Guild" separately and as part of respondent's trade name, respondent is a guild or association formed for the mutual aid and protection of purchasers of respondent's breeding stock.

PAR. 6. In truth and in fact:

1. It is not commercially feasible to breed or raise chinchillas in homes, basements, garages, or spare rooms and large profits cannot be made in this manner. Such quarters or buildings, unless they have adequate space and the requisite temperature, humidity, ventilation and other necessary environmental conditions are not adaptable to or suitable for the breeding of chinchillas on a commercial basis.

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. The initial breeding stock of four females and four males purchased from respondent will not result in the number specified in subparagraph (3) Paragraph Five above, 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.

4. All of the offspring referred to in subparagraph (4) of Paragraph Five above will not produce pelts selling for an average price of \$25 per pelt but substantially less than that amount; and pelts from offspring of respondent's breeding stock will generally not sell for \$20 to \$55 each since some of the pelts are not marketable at all and others would not sell for \$20 but substantially less than that amount.

5. Chinchillas sold by respondent are not choice quality breeding stock and do not have a market value ranging from \$150 to \$350 each but substantially less than those amounts.

6. Each female chinchilla purchased from respondent and each female offspring will not produce at least four live young per year but generally less than that amount.

7. A purchaser starting out with four females and four males of respondent's breeding stock will not have a minimum gross income of at least \$12,000 from the sale of pelts at the end of the fifth year but substantially less than that amount.

8. Chinchilla breeding stock purchased from respondent is not unconditionally warranted to live three years and reproduce but such guarantee as is provided is subject to numerous terms, limitations and conditions.

9. Purchasers of respondent's breeding stock do not receive inspection services from a Guild ranch inspector three times a year, but generally less than that number nor do they receive inspection services as required.

10. Chinchillas are not hardy animals and are susceptible to pneumonia, and other diseases.

11. Purchasers of respondent's breeding stock are given little if any guidance in the care of and breeding of chinchillas.

12. Respondent's business organization is not a guild or association formed for the mutual aid and protection of purchasers of respondent's chinchilla breeding stock but is a business organization formed for the purpose of selling chinchilla breeding stock for a 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 his business, 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 aforementioned false, misleading and deceptive statements, representations, and practices has had the tendency and capacity to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were 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 all to the prejudice and injury of the public and of respondent's competitors and 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 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

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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 respondent 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 respondent has violated the said Act, 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 William N. Beesley, Jr., is an individual who traded and did business under the name Great Lakes Chinchilla Company, and also at times under the name of Chinchilla Guild of America, Great Lakes Division, with his principal place of business located at 148 Maple Grove, Springfield, Illinois. His present address is 148 Maple Grove, Springfield, Illinois.

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 William N. Beesley, Jr., an individual who traded and did business as Great Lakes Chinchilla Company, and Chinchilla Guild of America, Great Lakes Division, or trading and doing business under any other name or names, 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 or any other products 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 commercially feasible to breed or raise chinchillas in homes, basements, garages, spare rooms or other quarters or buildings or that large profits can be made in this manner: *Provided, however,* That it shall be a defense in any enforcement proceeding instituted hereunder for respondent to establish that the represented quarters or buildings have the req-

uisite space, temperature, humidity, ventilation and other environmental conditions which would make them adaptable to and suitable for the breeding and raising of chinchillas on a commercial basis and 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. The breeding stock of four females and four male chinchillas purchased from respondent will produce live offspring of 16 the first year, 64 the second year, 208 the third year, 640 the fourth year, and 1,936 the fifth year.

4. The number of live offspring produced by respondent's chinchilla breeding stock is any number: *Provided, however*, That it shall be a defense in any enforcement proceeding instituted hereunder for respondent to establish that the represented number of offspring are usually and customarily produced by chinchillas purchased from respondent or the offspring of said chinchillas.

5. Chinchilla pelts produced from respondent's breeding stock will sell for any price, average price, or range of prices: *Provided, however*, That it shall be a defense in any enforcement proceeding instituted hereunder for respondent to establish that the represented price, average price, or range of prices are usually received for pelts produced by chinchillas purchased from respondent or by the offspring of such chinchillas.

6. Purchasers of respondent's chinchilla breeding stock will receive choice quality chinchillas or any other grade or quality of chinchillas; or that respondent's chinchilla breeding stock has a market value of from \$150 to \$350 each or any other price or range of prices: *Provided, however*, That it shall be a defense in any enforcement proceeding instituted hereunder for respondent to establish that purchasers do actually receive chinchillas of the represented grade, quality, market value, price or range of prices.

7. Each female chinchilla purchased from respondent and each female offspring produce at least four live young per year.

8. The number of live offspring produced per female chinchilla is any number: *Provided, however*, That it shall be a defense in any enforcement proceeding instituted hereunder

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for respondent to establish that the represented number of offspring are usually and customarily produced by female chinchillas purchased from respondents or the offspring of said chinchillas.

9. A purchaser starting with four females and four males will have, from the sale of pelts, a minimum gross income, earnings or profits of \$12,000 at the end of the fifth year after purchase.

10. Purchasers of respondent's breeding stock will realize gross or net income, earnings or profits in any amount or range of amounts: *Provided, however*, That it shall be a defense in any enforcement proceeding instituted hereunder for respondent to establish that the represented amount or range of amounts of earnings, profits or income are usually realized by purchasers of respondent's breeding stock.

11. Breeding stock purchased from respondent is warranted or guaranteed without clearly and conspicuously disclosing the nature and extent of the guarantee, the manner in which the guarantor will perform and the identity of the guarantor.

12. Purchasers of respondent's chinchilla breeding stock will be furnished with inspection services by respondent three times each year or as often as such services may be required by the purchaser: *Provided, however*, That it shall be a defense in any enforcement proceeding instituted hereunder for respondent to establish that the represented inspection services are actually furnished.

13. Chinchillas are hardy animals or are not susceptible to disease.

14. Purchasers of respondent's chinchilla breeding stock are given guidance in the care and breeding of chinchillas or are furnished advice by respondent as to the breeding of chinchillas: *Provided, however*, That it shall be a defense in any enforcement proceeding instituted hereunder for respondent to establish that purchasers are actually given the represented guidance in the care and breeding of chinchillas or are furnished the represented advice by respondent as to the breeding of chinchillas.

B. Using the word "Guild" or any other word of similar import or meaning as a part of the respondent's trade or corporate name; or misrepresenting, in any manner, the nature or status of respondent's business.

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C. Misrepresenting, in any manner, the assistance, training, services or advice supplied by respondent to purchasers of his chinchilla breeding stock.

D. Misrepresenting, in any manner, the earnings or profits of purchasers of respondent's chinchilla breeding stock.

E. 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 the respondent's 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 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.