

Complaint

IN THE MATTER OF

ROYAL MOTORS, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION
OF THE FEDERAL TRADE COMMISSION ACT*Docket C-1347. Complaint, June 14, 1968—Decision, June 14, 1968*

Consent order requiring a Washington, D.C., car dealer to cease misrepresenting that its used cars are new and making deceptive financing claims in advertising its automobiles.

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 Royal Motors, Inc., a corporation, and Raymond J. Anselmo, 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 Royal Motors, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Maryland, with its principal office and place of business located at 4100 Georgia Avenue, NW., in the city of Washington, District of Columbia.

Respondent Raymond J. Anselmo 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 advertisting, offering for sale, sale and distribution of new and 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 automobiles to be sold 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 automobiles in com-

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merce, 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 automobiles, the respondents have made, and are now making, numerous statements and representations in advertisements inserted in newspapers of interstate circulation, typical and illustrative but not all inclusive of which are **the following:**

(Complaint)

Washington Post
Thurs. Jan. 5, 1967.

Washington Daily News
Wednesday, Dec. 28, 1966.

ROYAL KICKS OFF 1967 WITH A
**CARRY-OVER
DISPOSAL SALE**

**OF LEFTOVER
'66 PLYMOUTHS
and
'66 CHRYSLERS
AT USED CAR PRICES**

PLYMOUTH VALIANT V-100 2 Door Hardtop, Automatic, 100 Horsepower, 1600 cc. V-6, 1600 cc. V-6 Engine, 1600 cc. V-6, 1600 cc. V-6	\$1560
PLYMOUTH BARRACUDA 2 Door Hardtop, Automatic, 100 Horsepower, 1600 cc. V-6, 1600 cc. V-6 Engine, 1600 cc. V-6, 1600 cc. V-6	\$1960
PLYMOUTH BELVEDERE I V-6 4 Door, Automatic, 100 Horsepower, 1600 cc. V-6, 1600 cc. V-6, 1600 cc. V-6	\$1860
PLYMOUTH BELVEDERE II V-6 4 Door, Automatic, 100 Horsepower, 1600 cc. V-6, 1600 cc. V-6, 1600 cc. V-6	\$1960
PLYMOUTH BELVEDERE Satellite 2 Door Hardtop, Automatic, 100 Horsepower, 1600 cc. V-6, 1600 cc. V-6 Engine, 1600 cc. V-6, 1600 cc. V-6	\$1960
PLYMOUTH BELVEDERE Satellite 2 Door Hardtop, Automatic, 100 Horsepower, 1600 cc. V-6, 1600 cc. V-6 Engine, 1600 cc. V-6, 1600 cc. V-6	\$1960
PLYMOUTH FURY I 2 Door Hardtop, Automatic, 100 Horsepower, 1600 cc. V-6, 1600 cc. V-6 Engine, 1600 cc. V-6, 1600 cc. V-6	\$1860
PLYMOUTH FURY II 2 Door Hardtop, Automatic, 100 Horsepower, 1600 cc. V-6, 1600 cc. V-6 Engine, 1600 cc. V-6, 1600 cc. V-6	\$2260
PLYMOUTH FURY III 2 Door Hardtop, Automatic, 100 Horsepower, 1600 cc. V-6, 1600 cc. V-6 Engine, 1600 cc. V-6, 1600 cc. V-6	\$2260
CHRYSLER NEWPORT 4 Door Hardtop, Automatic, 100 Horsepower, 1600 cc. V-6, 1600 cc. V-6 Engine, 1600 cc. V-6, 1600 cc. V-6	\$2560
CHRYSLER NEWPORT 4 Door Hardtop, Automatic, 100 Horsepower, 1600 cc. V-6, 1600 cc. V-6 Engine, 1600 cc. V-6, 1600 cc. V-6	\$2660
CHRYSLER Town & Country, 4 Door, 100 Horsepower, 1600 cc. V-6, 1600 cc. V-6 Engine, 1600 cc. V-6, 1600 cc. V-6	\$3560
IMPERIAL CROWN 4 Door Hardtop, Automatic, 100 Horsepower, 1600 cc. V-6, 1600 cc. V-6 Engine, 1600 cc. V-6, 1600 cc. V-6	\$4260
IMPERIAL CROWN 4 Door Hardtop, Automatic, 100 Horsepower, 1600 cc. V-6, 1600 cc. V-6 Engine, 1600 cc. V-6, 1600 cc. V-6	\$4260

YES, THESE CARS HAVE BEEN DRIVEN!

195 DOWN Can Deliver The Car of Your Choice at Royal

ROYAL

ROYAL'S YEAR-END
CLEARANCE
FINAL STOCK

**OF LEFTOVER
'66 PLYMOUTHS
and
'66 CHRYSLERS
HURRY! HURRY!**

PLYMOUTH VALIANT V-100 2 Door Hardtop, Automatic, 100 Horsepower, 1600 cc. V-6, 1600 cc. V-6 Engine, 1600 cc. V-6, 1600 cc. V-6	\$1560
PLYMOUTH BARRACUDA 2 Door Hardtop, Automatic, 100 Horsepower, 1600 cc. V-6, 1600 cc. V-6 Engine, 1600 cc. V-6, 1600 cc. V-6	\$1960
PLYMOUTH BELVEDERE I V-6 4 Door, Automatic, 100 Horsepower, 1600 cc. V-6, 1600 cc. V-6, 1600 cc. V-6	\$1860
PLYMOUTH BELVEDERE II V-6 4 Door, Automatic, 100 Horsepower, 1600 cc. V-6, 1600 cc. V-6, 1600 cc. V-6	\$1960
PLYMOUTH BELVEDERE Satellite 2 Door Hardtop, Automatic, 100 Horsepower, 1600 cc. V-6, 1600 cc. V-6 Engine, 1600 cc. V-6, 1600 cc. V-6	\$1960
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PLYMOUTH FURY I 2 Door Hardtop, Automatic, 100 Horsepower, 1600 cc. V-6, 1600 cc. V-6 Engine, 1600 cc. V-6, 1600 cc. V-6	\$1860
PLYMOUTH FURY II 2 Door Hardtop, Automatic, 100 Horsepower, 1600 cc. V-6, 1600 cc. V-6 Engine, 1600 cc. V-6, 1600 cc. V-6	\$2260
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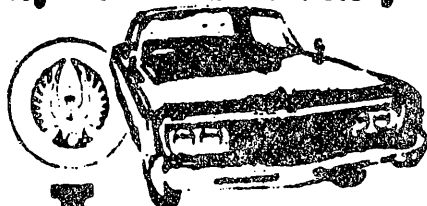
195 DOWN Can Deliver The Car of Your Choice at Royal

ROYAL

4100 GEORGIA AVE., N.W. - TU-2-4800

Washington Post
Thurs. Jan. 5, 1967.

Royal's Annual Inventory Removal Sale!



Imperial

CLEARANCE

**40%
OFF**

As shown
 Factory List

**\$495
DOWN**

on all 1966
 Chrysler Cars

1966 IMPERIAL CROWN COUPE 2-DOOR
 FACTORY AIR CONDITIONED. All leather
 interior. Full power, including windows and
 seat. Vinyl roof, radio,
 whitewall tires. Choice of
 three: Dark Red, Black or
 Ivory.

\$4260

1966 IMPERIAL CROWN 4-DR. HARDTOP
 FACTORY AIR CONDITIONED. All leather
 interior, full power including windows and
 seat, radio, whitewall tires and many other
 extras. Some with vinyl
 roofs. Choice of six:
 Black, White, Dark Blue
 and Dark Green.

\$4260

1966 IMPERIAL LE BARON
 FACTORY AIR CONDITIONED, plus all
 imaginable extras. Formal
 Black with Medium Blue
 full hide leather interior.

\$4980



ALL NEW 1966 CHRYSLER
 CROWN • CHRYSLER
 IMPERIAL • SIMCA
 • SUNBEAM

4100 GEORGIA AVENUE, N.W. • TU 2-4800

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

1. The advertised automobiles are new automobiles left over from the previous model year.
2. The advertised automobiles will be financed on offer of the down payment stated.

PAR. 6. In truth and in fact:

1. Most of the automobiles referred to in the advertisements set out in Paragraph Four hereof, and other advertisements similar thereto but not specifically set forth herein, are not new automobiles left over from the previous model year. They are used automobiles which have been driven a substantial number of miles by reason of their previous sale or lease, by reason of their use as company official cars or as demonstrators, or by reason of their use as driver education automobiles at high schools in the metropolitan Washington, D.C., area.
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 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 new and used automobiles of the same general kind and nature as those 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' automobiles 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

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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 Royal Motors, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Maryland, with its office and principal place of business located at 4100 Georgia Avenue, NW., in the city of Washington, District of Columbia.

Respondent Raymond J. Anselmo 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 Royal Motors, Inc., a corporation, and its officers, and Raymond J. Anselmo, 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 auto-

mobiles, or any 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 vehicle is new when it has been used in any manner other than the limited use necessary in moving a new vehicle prior to delivery of such vehicle to the customer.

2. Advertising any used vehicle of the current or the previous model year without clearly and conspicuously disclosing in any and all advertising thereof that the vehicle is used.

3. Offering for sale or selling any vehicle of the current or the previous model year which has been used, without clearly and conspicuously disclosing by decal or sticker attached thereto that the vehicle has been used.

4. Advertising, offering for sale or selling any vehicle of the current or the previous model year which has been used for driver education, as a leased vehicle, as a company official car or as a demonstrator, without clearly and conspicuously disclosing such use in any and all advertising thereof and by decal or sticker conspicuously attached thereto: *Provided, however*, That in those instances in which vehicles are obtained by respondents and the use to which the vehicles have been put is not known, it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that in all such instances they have clearly disclosed the source from which the vehicle was obtained.

5. Misrepresenting, in any manner, the nature or extent of previous use of any vehicle offered for sale.

6. Representing, directly or by implication, a specified down payment amount, unless such amount is equal to or in excess of the minimum amount usually and customarily accepted as the full down payment.

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

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.

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IN THE MATTER OF

PUNCH CARD MACHINE TRAINING SERVICE, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION
OF THE FEDERAL TRADE COMMISSION ACT*Docket C-1348. Complaint, June 14, 1968—Decision, June 14, 1968*

Consent order requiring two affiliated business machine schools located in Missouri and Tennessee to cease using deceptive offers of employment, exaggerating the demand for its graduates, misrepresenting that enrollments are limited, that lack of a high school diploma is no handicap, and that refunds will be made.

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 Punch Card Machine Training Service, Inc., a corporation, Punch Card Training of Memphis, Inc., a corporation, and Walter G. Ottman, Bette K. Ottman, Mary A. Vonck and Leona Thelen, individually and as officers of said corporations, 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 Punch Card Machine Training Service, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Missouri, with its principal place of business located at 318 East 10th Street, Kansas City, Missouri.

Punch Card Training of Memphis, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Tennessee, with its principal place of business located at 627 Adams Street, Memphis, Tennessee.

Respondents Walter G. Ottman, Bette K. Ottman, Mary A. Vonck and Leona Thelen are officers of the corporate respondents. They formulate, direct and control the acts, policies and practices of the corporate respondents, including the acts and practices hereinafter set forth. They each have an address at each of the corporate respondents' principal place of business.

The aforesaid respondents cooperate and act together in carrying out the acts and practices hereinafter set forth.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale, sale and distribution of