
IN THE MATTER OF
ZADO GOLDENBERG, INC., ET AL.

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

Docket C-1439. Complaint, Oct. 17, 1968—Decision, Oct. 17, 1968

Consent order requiring a San Francisco, Calif., importer of textile fiber products to cease marketing dangerously flammable products.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Flammable Fabrics Act, as amended, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Zado Goldenberg, Inc., a corporation, and Evan C. Goldenberg, and Frances C. Goldenberg, 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, as amended, 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 Zado Goldenberg, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of California. Respondents Evan C. Goldenberg and Frances C. Goldenberg are officers of said corporate respondent. They formulate, direct and control the acts, practices and policies of said corporation.

Respondents are engaged in the business of the importation and sale of textile fiber products, including wearing apparel in the form of ladies' scarves, with their office and principal place of business located at 755 Market Street, San Francisco, California.

PAR. 2. Respondents are now and for some time last past have been engaged in the sale and offering for sale, in commerce, and in the importation into the United States, and have introduced, delivered for introduction, transported and caused to be transported in commerce, and have sold or delivered after sale or shipment in commerce, products as the terms "commerce" and "product" are defined in the Flammable Fabrics Act, which products failed to conform to an applicable standard or regulation continued in effect, issued or amended under the provisions of the Flammable Fabrics Act, as amended.

Among such products mentioned hereinabove were ladies' scarves.

PAR. 3. The aforesaid acts and practices of respondents were and are in violation of the Flammable Fabrics Act, as amended, 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 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 Textile 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 and the Flammable Fabrics Act, as amended; 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 Zado Goldenberg, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of California, with its office and principal place of business located at 755 Market Street, San Francisco, California.

Respondents Evan C. Goldenberg and Frances C. Goldenberg 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 Zado Goldenberg, Inc., a corporation, and its officers, and Evan C. Goldenberg and Frances C. Goldenberg, 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 manufacturing for sale, selling, offering for sale, in commerce, or importing into the United States, or introducing, delivering for introduction transporting or causing to be transported in commerce, or selling or delivering after sale or shipment in commerce, any product, as "commerce" and "product" are defined in the Flammable Fabrics Act, as amended, which fails to conform to an applicable standard or regulation continued in effect, issued or amended under the provisions of the

aforesaid Act.

It is further ordered, That the respondents herein shall, within ten (10) days after service upon them of this Order, file with the Commission an interim special report in writing setting forth the respondents' intentions as to compliance with this Order. This interim special report shall also advise the Commission fully and specifically concerning the identity of the product which gave rise to the complaint, (1) the amount of such product in inventory, (2) any action taken to notify customers of the flammability of such product and the results thereof and (3) any disposition of such product since March 14, 1968. Such report shall further inform the Commission whether respondents have in inventory any fabric, product or related material having a plain surface and made of silk, rayon or cotton or combinations thereof in a weight of two ounces or less per square yard or fabric with a raised fiber surface made of cotton or rayon or combinations thereof. Respondents will submit samples of any such fabric, product or related material with this report. Samples of the fabric, product or related material shall be of no less than one square yard of material.

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 of their compliance with this order.

IN THE MATTER OF

RAYLEW ENTERPRISES INCORPORATED, ET AL.

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

*Docket 8732. Amended and Supplemental. Complaint, Mar. 20, 1968—
Decision, Oct. 24, 1968*

Order requiring two Kansas City, Mo., distributors of household appliances and other items to cease deceptively representing that they are using bona fide market surveys and contests, that any item is offered "free" or at a reduced price, that present customers will be given substantial discounts on later purchases, and using the words "retail price" to refer to amounts in excess of the usual prices in trade area.

AMENDED AND SUPPLEMENTAL 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 Raylew Enterprises Incorporated, a Kansas corporation, Raylew Enterprises Incorporated, a Missouri corporation, and Ray M. Harbertson and Lewis E. Young, 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 amended and supplemental complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Raylew Enterprises Incorporated is a corporation organized, existing and doing business under and by virtue of the laws of the State of Kansas.

Raylew Enterprises Incorporated, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Missouri.

Both corporations have their principal office and place of business located at 2800 McGee Trafficway, Kansas City, Missouri.

Respondents Ray M. Harbertson and Lewis E. Young are officers of the said corporations. They formulate, direct and control the acts and practices of the corporate respondents, including the acts and practices hereinafter set forth. Their business address is the same as that of the corporate respondents.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale, sale and distribution of household appliances, books, tools and other merchandise to the public.

PAR. 3. In the course and conduct of their business, respondents now cause, and for some time last past have caused, their said merchandise, when sold, to be shipped from their place of business in the State of Missouri to purchasers thereof located in various other States of the United States and maintain, and at all times herein mentioned have 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 their aforesaid business, and for the purpose of inducing the purchase of their merchandise, the respondents and their salesmen and other representatives have made numerous statements and representations to prospective customers, orally and otherwise, with respect to their said prod-

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ucts and the methods employed by them in promoting the sale thereof.

Typical and illustrative of the foregoing, but not all inclusive thereof, are the following:

1. That respondents are conducting a survey when the prospective customer is originally contacted and that the prospective customer's name will be entered in a drawing or contest to be held in conjunction with the survey.

2. That the prospective customer has won a prize in the drawing or contest and that the customer must make an appointment with one of the respondents' sales representatives in order to receive such prize.

3. That respondents are in the market research business and that customers are especially selected as "test families" or "test homes" to assist respondents with their market research.

4. That customers are receiving reduced prices or a special introductory offer on merchandise in order to promote the trade names of the merchandise sold by respondents and that savings are thereby afforded to purchasers from respondents' regular prices.

5. That when customers purchase one item from respondents, other items are awarded to such customers as a gift, "free" or "at no extra cost."

6. That customers making an initial purchase from the respondents may thereafter purchase their merchandise at a 50 percent discount from the respondents' regular prices.

7. That the major items of merchandise offered for sale or the additional items of merchandise which are given "free" or "at no extra cost" in connection with the purchase of the major item of merchandise have a "value" or "retail price" which is not appreciably in excess of the highest price at which substantial sales of such merchandise have been made in the recent regular course of business in the trade area where such representations are made.

PAR. 5. In truth and in fact:

1. Respondents are not conducting a survey but are obtaining information about prospective customers' appliance needs which is used as a basis to determine whether an attempt should be made to sell such customers merchandise. The prospective customers' names are not entered in a drawing or contest to be held in connection with the survey or otherwise.

2. Persons do not win prizes in drawings or any other type of contest but are so notified because such persons appear to be good prospects for the sale of such merchandise. Appointments are made with prospective customers only for the purpose of selling them merchandise.

3. Respondents' customers are not especially selected to assist the company in market research or for any other reason. Said merchandise is available to anyone with the money or credit rating to take advantage of the offer.

4. Respondents' customers do not receive reduced prices or a special introductory offer to promote trade names of merchandise but are offered the merchandise for the same prices at which said respondents offer their merchandise in the regular course of their business. Savings are not thereby afforded to such customers.

5. Respondents' customers do not receive additional merchandise free, as a gift or at no extra cost, because the price of such additional merchandise is included in the price that the customers pay for the major or principal item sold by respondents. The major items have never been sold separately in substantial quantities at such prices.

6. Customers making purchases from respondents will not thereafter be able to buy merchandise at a 50 percent discount from respondents' regular prices or at any other substantial discount from respondents' regular prices.

7. The "value" or "retail price" of the major items of merchandise offered for sale or of the additional items of merchandise, which are given "free" or "at no extra cost" in connection with the purchase of the major item of merchandise, is an amount which is appreciably in excess of the highest price at which substantial sales of such merchandise have been made in the regular course of business in the trade area where such representations are made.

Therefore, the statements and representations set forth in Paragraph Four are false, misleading and deceptive.

PAR. 6. In the conduct of their business, at all times mentioned herein, respondents have been in substantial competition, in commerce, with corporations, firms and individuals in the sale of houseware products of the same general kind and nature as those sold by respondents.

PAR. 7. The use by the respondents of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has, the capacity and tendency to mislead

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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' said appliances, books and other merchandise.

PAR. 8. The aforementioned 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.

Mr. Anthony J. Kennedy, Jr., and Mr. Fauster J. Vittone supporting the complaint.

No appearance for respondents.

INITIAL DECISION BY EDGAR A. BUTTLE, HEARING EXAMINER
JUNE 12, 1968

PRELIMINARY STATEMENT

Complaint counsel in the above-entitled matter have made a motion addressed to the hearing examiner in accordance with Section 3.12(c) of the Commission's Procedures and Rules of Practice requesting him to find the facts to be as alleged in the complaint and to enter an initial decision containing such findings, appropriate conclusions, and order as to Raylew Enterprises Incorporated, a Kansas corporation, Raylew Enterprises Incorporated, a Missouri corporation, and Lewis E. Young, individually and as an officer of said corporations, for the following reasons:

1. Personal service of the Amended and Supplemental Complaint in the subject matter was made upon Lewis E. Young, individually and as an officer of the corporate respondents on April 24, 1968, at 7619 Parallel Avenue, Kansas City, Kansas, as attested thereto by an Affidavit of John T. Hankins, an attorney of the Federal Trade Commission, assigned to and stationed at the Kansas City office of the Federal Trade Commission. The original of said affidavit is on file in the Office of the Secretary of the Federal Trade Commission and a copy of said affidavit is attached hereto as Exhibit 1. (See Exhibit 1 annexed.*)

2. A check, this date¹ with the Office of the Secretary of the Commission and with the Assistant Secretary for Legal and Public Records of the Commission reveals that no Answer to the Complaint nor any other communication has been received from the

¹ May 29, 1968.

* See footnote on p. 1098.

aforesaid respondents.

3. That the corporate respondents were in good standing in their respective States is attested to as follows:

a. Raylew Enterprises Incorporated, a Missouri corporation, was in good standing in that State as of October 9, 1967. This fact is attested to by a formal statement of the Office of the Secretary of State, State of Missouri, dated October 9, 1967. (See Exhibit 23 annexed.*)

b. Raylew Enterprises Incorporated, a Kansas corporation, was in good standing in that State as of October 10, 1967. This fact is attested to by a formal statement of the Office of the Secretary of State, State of Kansas, dated October 10, 1967. (See Exhibit 24 annexed.*)

c. That Lewis E. Young is president and executive officer of the aforesaid corporations is attested to in the case of Raylew Enterprises Incorporated, a Kansas corporation, by an annual report of the corporation, submitted on March 8, 1967, to the Secretary of State, State of Kansas (see Exhibit 3-b annexed *); in the case of Raylew Enterprises Incorporated, a Missouri corporation, by a report submitted to that State on July 27, 1966. (See Exhibit 4-a annexed.*)

Complaint counsel also aver that there are no reports subsequent to the above-cited reports showing any change in the management of the corporations aforementioned.

Edwin S. Rockefeller and Thomas C. Matthews, Jr., pursuant to a letter addressed to the Federal Trade Commission dated September 19, 1967, have withdrawn as counsel for respondents Raylew Enterprises, Inc., of Kansas, Raylew Enterprises, Inc., of Missouri, and Ray M. Harbertson, subsequent to the filing of the original complaint. The Amended and Supplemental Complaint omits Easy Pipella and Keith Bigler, individually and as co-directors of Raylew Enterprises, Inc., as parties to the amended and supplemental proceedings. The Amended and Supplemental Complaint adds Lewis E. Young, individually and as an officer of the said corporations named in the Amended and Supplemental Complaint. It must be assumed, therefore, that the complaint as amended and supplemented contemplates a withdrawal of the complaint as to omitted parties pursuant to the amendments and the inclusion of an additional party named in the amended and supplemental pleading.

In view of the failure of the respondents to file an answer

* Exhibit Nos. 1, 23, 24, 3-b, and 4-a omitted in printing.

as provided under Section 3.12 of the Rules within 30 days after service of the complaint and since the aforesaid period of time has not been altered by the filing of any appropriate motion or an extension of time granted by the hearing examiner, it is deemed that respondents are in default and have waived their right to appear and contest the allegations of the complaint. Under these circumstances, the hearing examiner is authorized without further notice to the respondents to find the facts to be as alleged in the complaint and to enter an initial decision containing such findings, appropriate conclusions, and order. Accordingly, as prescribed by Section 3.12(c), the hearing examiner renders the following findings of fact, conclusions, and order in accordance with the rule aforesaid because of respondents' default in answering the Amended and Supplemental Complaint herein dated March 20, 1968.

FINDINGS OF FACT

1. Respondent Raylew Enterprises Incorporated, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Kansas.

2. Raylew Enterprises Incorporated, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Missouri.

3. Both corporations have their principal office and place of business located at 2800 McGee Trafficway, Kansas City, Missouri.

4. Respondents Ray M. Harbertson and Lewis E. Young are officers of the said corporations. They formulate, direct and control the acts and practices of the corporate respondents, including the acts and practices hereinafter set forth. Their business address is the same as that of the corporate respondents.

5. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale, sale and distribution of household appliances, books, tools, and other merchandise to the public.

6. In the course and conduct of their business, respondents now cause, and for some time last past have caused, their said merchandise, when sold, to be shipped from their place of business in the State of Missouri to purchasers thereof located in various other States of the United States and maintain, and at all times herein mentioned have maintained, a substantial course of trade in said products, in commerce, as "commerce" is defined in the Federal Trade Commission Act.

7. In the course and conduct of their aforesaid business, and for

the purpose of inducing the purchase of their merchandise, the respondents and their salesmen and other representatives have made numerous statements and representations to prospective customers, orally and otherwise, with respect to their said products and the methods employed by them in promoting the sale thereof.

8. Typical and illustrative of the foregoing, but not all inclusive thereof, are the following representations:

a. Respondents are conducting a survey when the prospective customer is originally contacted and the prospective customer's name will be entered in a drawing or contest to be held in conjunction with the survey.

b. The prospective customer has won a prize in the drawing or contest and the customer must make an appointment with one of the respondents' sales representatives in order to receive such prize.

c. Respondents are in the market research business and customers are specially selected as "test families" or "test homes" to assist respondents with their market research.

d. Customers are receiving reduced prices or a special introductory offer on merchandise in order to promote the trade names of the merchandise sold by respondents and savings are thereby afforded to purchasers from respondents' regular prices.

e. When customers purchase one item from respondents, other items are awarded to such customers as a gift, "free" or "at no extra cost."

f. Customers making an initial purchase from the respondents may thereafter purchase their merchandise at a 50 percent discount from the respondents' regular prices.

g. The major items of merchandise offered for sale or the additional items of merchandise which are given "free" or "at no extra cost" in connection with the purchase of the major item of merchandise have a "value" or "retail price" which is not appreciably in excess of the highest price at which substantial sales of such merchandise have been made in the recent regular course of business in the trade area where such representations are made.

9. The foregoing statements and representations² are false, misleading and deceptive as hereinafter set forth:

a. Respondents are not conducting a survey but are obtaining information about prospective customers' appliance needs which is used as a basis to determine whether an attempt should be

² Paragraph 8.

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made to sell such customers merchandise. The prospective customers' names are not entered in a drawing or contest to be held in connection with the survey or otherwise.

b. Persons do not win prizes in drawings or any other type of contest but are so notified because such persons appear to be good prospects for the sale of such merchandise. Appointments are made with prospective customers only for the purpose of selling them merchandise.

c. Respondents' customers are not specially selected to assist the company in market research or for any other reason. Said merchandise is available to anyone with the money or credit rating to take advantage of the offer.

d. Respondents' customers do not receive reduced prices or a special introductory offer to promote trade names of merchandise but are offered the merchandise for the same prices at which said respondents offer their merchandise in the regular course of their business. Savings are not thereby afforded to such customers.

e. Respondents' customers do not receive additional merchandise free, as a gift or at no extra cost, because the price of such additional merchandise is included in the price that the customers pay for the major or principal item sold by respondents. The major items have never been sold separately in substantial quantities at such prices.

f. Customers making purchases from respondents will not thereafter be able to buy merchandise at a 50 percent discount from respondents' regular prices or at any other substantial discount from respondents' regular prices.

g. The "value" or "retail price" of the major items of merchandise offered for sale or of the additional items of merchandise, which are given "free" or "at no extra cost" in connection with the purchase of the major item of merchandise, is an amount which is appreciably in excess of the highest price at which substantial sales of such merchandise have been made in the regular course of business in the trade area where such representations are made.

10. In the conduct of their business, at all times mentioned herein, respondents have been in substantial competition, in commerce, with corporations, firms and individuals in the sale of houseware products of the same general kind and nature as those sold by respondents.

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CONCLUSIONS

1. The use by the 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' said appliances, books and other merchandise.

2. The aforementioned 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.

3. Service of the Amended and Supplemental Complaint has not been consummated on Ray M. Harbertson included herein as a party individually and as an officer of the party corporations. The latest information obtained indicates that Harbertson is no longer residing in the continental United States but is engaged in some engineering business in Southeast Asia. In view of the foregoing, and in the absence of service of the Amended and Supplemental Complaint upon him, his name has been excluded from the Order. See also Certification to the Commission (dated June 12, 1968) Recommending Dismissal of the Complaint as to Individual Respondent Ray M. Harbertson, Pursuant to Complaint Counsel's Motion.

ORDER

It is ordered, That respondents Raylew Enterprises Incorporated, a Kansas corporation, Raylew Enterprises Incorporated, a Missouri corporation, and their officers, and Lewis E. Young, individually and as an officer of said corporations,³ and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of household appliances, books, tools or any other product in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

A. Representing, directly or indirectly:

1. That they are conducting a survey or market re-

³ See Paragraph 3 of Conclusions.

search, or otherwise misrepresenting the purpose or nature of respondents' contacts with prospective customers.

2. That prospective customers' names will be entered in a drawing or contest.

3. That prospective customers have won prizes or "free" merchandise: *Provided, however*, That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that such customers have in fact won prizes or free merchandise in a bona fide contest or drawing.

4. That prospective purchasers of any merchandise sold by respondents are specially selected, or that such purchasers will be test families or homes for respondents' products.

5. That any offer or price is a special introductory offer; or representing that any price is a reduced price: *Provided, however*, That it shall be a defense in any enforcement proceeding instituted hereunder for the respondents to establish that such price constitutes a significant reduction from the price at which such merchandise has been sold in substantial quantities or offered for sale in good faith for a reasonably substantial period of time by respondents in the recent, regular course of their business.

6. That any item of merchandise which is sold or offered for sale in conjunction or combination with other merchandise is "free," a gift, or "at no extra cost."

7. That customers making initial purchases from respondents will thereafter be able to buy merchandise from respondents at a 50 percent discount or at any other substantial discount from respondents' regular prices.

B. Falsely representing, in any manner, that savings are available to purchasers or prospective purchasers of respondents' merchandise or misrepresenting in any manner the amount of savings available to purchasers or prospective purchasers of respondents' merchandise at retail.

C. Using the words "Value" or "Retail Price" or any word or words of similar import to refer to any amount, which is appreciably in excess of the highest price at which substantial sales of such merchandise have been made in the recent regular course of business in the trade area where

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such representations are made; or otherwise misrepresenting the price at which such merchandise has been sold in the trade area where such representations are made.

FINAL ORDER

On June 12, 1968, the hearing examiner filed an initial decision on default entering a cease and desist order against respondents Raylew Enterprises Incorporated, a Kansas corporation, and Raylew Enterprises Incorporated, a Missouri corporation, and Lewis E. Young, individually and as an officer of the said corporations. On the same date he certified to the Commission his recommendation that the complaint be dismissed as to respondent Ray M. Harbertson on the ground that said respondent is no longer residing in the United States and that service on him of the amended and supplemental complaint had not been consummated. On July 11, 1968, the Commission issued an order staying the effective date of the initial decision until further order of the Commission, on the ground that the proof of service of the initial decision had not been received. No ruling was made at that time on the examiner's certification.

Proof of service of the initial decision has now been received as to the two corporate respondents and Lewis E. Young, and no appeal has been taken from the initial decision. Upon consideration of this matter, the Commission has determined that the case should not be placed on its own docket for review and that pursuant to Section 3.51 of the Commission's Rules of Practice (effective July 1, 1967), the initial decision should be adopted and issued as the decision of the Commission. It has further determined that the complaint should be dismissed as to respondent Ray M. Harbertson. Accordingly,

It is ordered, That the complaint be, and it hereby is, dismissed as to respondent Ray M. Harbertson.

It is further ordered, That the initial decision of the hearing examiner shall, on the 24th day of October 1968, become the decision of the Commission.

It is further ordered, That Raylew Enterprises Incorporated, a Kansas corporation, Raylew Enterprises Incorporated, a Missouri corporation, and Lewis E. Young, individually and as an officer of said corporations, shall, within sixty (60) days after service of this order upon them, file with the Commission a report in writing, signed by each respondent named in this order, setting forth in detail the manner and form of their compliance with the order to cease and desist.

IN THE MATTER OF

THE JEWELL CORPORATION TRADING AS
TODD'S ET AL.CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION
OF THE FEDERAL TRADE COMMISSION ACT*Docket C-1440. Complaint, Oct. 25, 1968—Decision, Oct. 25, 1968*

Consent order requiring a Washintgon, D.C., distributor of wrist watches, blenders and other merchandise to cease advertising merchandise which is not in stock, and without clearly disclosing when stock is available only in limited supply.

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 The Jewell Corporation, a corporation, trading and doing business as Todd's, and Jerry Jewell, individually and as an officer of said corporation, and Alvin Fischer, individually and as general manager 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 The Jewell Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the District of Columbia, with its principal office and place of business located at 11th and F Streets, NW., in the city of Washington, District of Columbia.

Respondent Jerry Jewell 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 business address is the same as that of the corporate respondent.

Respondent Alvin Fischer is general manager of the corporate respondent. He formulates, directs and controls the acts and practices of said corporate respondent, including the acts and practices hereinafter set forth. His business 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 wrist watches, blenders and other articles of mer-