

Complaint

IN THE MATTER OF

JOHN C. HAMILTON ET AL. TRADING AS
CHINCHILLA BREEDERS OF NEW ENGLAND

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

Docket C-1495. Complaint, Feb. 20, 1969—Decision, Feb. 20, 1969

Consent order requiring two Portland, Conn., sellers of chinchilla breeding stock to cease making exaggerated earning claims, misrepresenting the quality of their stock, deceptively guaranteeing the fertility of the stock, and misrepresenting services to their customers.

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 John C. Hamilton and William Nathaniel, individuals trading and doing business as Chinchilla Breeders of New England, 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. Respondents John C. Hamilton and William Nathaniel are individuals trading and doing business under the name Chinchilla Breeders of New England, with their principal place of business located at Penfield Hill Road, Portland, Connecticut 06480.

Respondent John C. Hamilton's address is Box 335, Penfield Hill Road, Portland, Connecticut 06480. The address of respondent William Nathaniel is 20 Oakland Street, Plainville, Connecticut 06062.

PAR. 2. Respondents are now, and for some time last past have been, 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 their aforesaid business, respondents now cause, and for some time last past have caused, their said chinchillas, when sold, to be shipped from their place of business in the State of Connecticut to purchasers thereof located in various other States of the United States, and maintain,

and at all times mentioned 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. In the course and conduct of their aforesaid business, and for the purpose of obtaining the names of prospective purchasers and inducing the purchase of said chinchillas, the respondents make numerous statements and representations by means of direct mail advertising, newspaper publications, and through the oral statements and display of promotional material to prospective purchasers by their 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 and the training assistance to be made available to purchasers of respondents' chinchillas.

Typical and illustrative, but not all inclusive of the said statements and representations made in respondents' direct mail advertising and newspaper publications are the following:

ANIMAL LOVERS!

INVESTERS! (sic) FARMERS!

Tired of working with livestock with no profit?

Tired of investing with no gain?

Tired of working for wages while the boss makes the profit?

Why not raise chinchillas, be your own boss, enjoy the full fruits of your labor.

Small investment large return!

If you really want to get out of the weekly pay check rut write today.

Afraid to take a chance? We not only supply you with quality animals but we also assure your success with our experience and professional assistance. Start now toward independence and being your own boss!

The chinchilla business is one of the easiest in which to get started. The size of your herd at the beginning is not nearly as important as getting started. Some successful chinchilla ranchers have begun with as few as three animals, others with as many as fifty. Your investment can be as large or as small as you desire.

The Chinchilla is a very hardy animal, lively and friendly, with very modest requirements.

Diet—herbivorous, do very well in common grains and hay in prepared pellets.

Feed Cost—\$3 to \$4 per year per animal.

Productivity—111 days gestation period, average 2 young per litter.

Sound and Smell—practically no sound and no body odors under reasonably good management.

Space—garage, basement, or any area that is draft free, dry and cool is ideal.

Care—Chinchillas are very easy to care for, minutes a day while you are building a herd, leaves you free to continue working at your regular job.

THERE'S PROFIT IN CHINCHILLA PELTS

Quality pelts are valued at \$20 to \$55 on today's market. Because Chinchilla is a light weight fur and therefore modern, the demand for it will increase year after year.

How much additional income would you like?

\$5,000.00

\$10,000.00

\$20,000.00

I would like more information of your method of raising Chinchillas.

* * * * *

I am interested in additional annual income of:

\$5,000 _____ \$10,000 _____ \$20,000 _____

PAR. 5. By and through the use of the above-quoted advertising statements and representations and other advertising statements and representations of similar import and meaning, but not expressly set out herein, separately and in connection with the oral statements and representations made by their salesman and representatives to prospective purchasers and purchasers, the respondents have represented, and are now representing, directly or by implication, that:

1. It is commercially feasible to breed and raise chinchillas, from breeding stock purchased from respondents, in homes, basements or garages, and large profits can be made in this manner.

2. The breeding of chinchillas from breeding stock purchased from respondents, as a commercially profitable enterprise, requires no previous experience in the breeding, raising and caring for such animals.

3. Chinchillas are hardy animals, and are not susceptible to diseases.

4. Purchasers of respondents' breeding stock receive pedigreed or high quality chinchillas.

5. Each female chinchilla purchased from respondents and each female offspring will produce at least three live offspring per year.

6. Each female chinchilla purchased from respondents and each female offspring will produce several successive litters of from one to three live offspring at 111-day intervals.

7. The offspring referred to in Paragraph Five subparagraph (6) above will have pelts selling for an average price of \$20 per pelt, and that pelts from offspring or respondents' breeding stock generally sell for from \$20 to \$55 each.

8. A purchaser starting with four females and one male of respondents' chinchilla breeding stock will have an annual income of \$5,000 from the sale of pelts in the fifth year.

9. Chinchilla breeding stock purchased from respondents is unconditionally guaranteed to reproduce within 18 months a number of offspring equal to the number of animals originally purchased.

10. Purchasers of respondents' breeding stock are given guidance in the care and breeding of chinchillas.

11. Purchasers of respondents' breeding stock can expect a great demand for the offspring and for the pelts of the offspring of respondents' chinchillas.

12. Through the assistance and advice furnished to purchasers of respondents' breeding stock by respondents, purchasers are able to successfully breed and raise chinchillas as a commercially profitable enterprise.

13. The respondents will promptly fulfill all of their obligations and requirements set forth in or represented, directly or by implication, to be contained in the guarantee applicable to each and every chinchilla.

PAR. 6. In truth and in fact:

1. It is not commercially feasible to breed or raise chinchillas from breeding stock purchased from respondents in homes, basements or garages, 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 or raising of chinchillas on a commercial basis.

2. The breeding of chinchillas from breeding stock purchased from respondents, as a commercially profitable enterprise, requires specialized knowledge in the breeding, raising and care of said animals much of which must be acquired through actual experience.

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

4. Chinchilla breeding stock sold by respondents is not of pedigree or high quality.

5. Each female chinchilla purchased from respondents and each female offspring will not produce at least three live offspring per year, but generally less than that number.

6. Each female chinchilla purchased from respondents and each female offspring will not produce several successive litters of from one to three live offspring at 111-day intervals, but generally less than that number.

7. The offspring referred to in subparagraph (6) of Paragraph

Five above will not produce pelts selling for an average price of \$20 per pelt but substantially less than that amount; and pelts from offspring of respondents' breeding stock will generally not sell for from \$20 to \$55 each since some of the pelts are not marketable at all and others would not sell for \$20 but for substantially less than that amount.

8. A purchaser starting with four females and one male of respondents' breeding stock will not have an annual income of \$5,000 from the sale of pelts in the fifth year but substantially less than that amount.

9. Chinchilla breeding stock purchased from respondents is not unconditionally guaranteed to reproduce within 18 months a number of offspring equal to the number of animals originally purchased but such guarantee as is provided is subject to numerous terms, limitations and conditions.

10. Purchasers of respondents' breeding stock are given little, if any, guidance in the care and breeding of chinchillas.

11. Purchasers of respondents' breeding stock cannot expect a great demand for the offspring of and pelts from respondents' chinchillas.

12. Purchasers of respondents' breeding stock are not able to successfully breed and raise chinchillas as a commercially profitable enterprise through the assistance and advice furnished them by respondents.

13. Respondents do not in fact promptly fulfill all of their obligations and requirements set forth in or represented, directly or by implication, to be contained in the guarantee applicable to each and every chinchilla.

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 chinchilla breeding stock 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' chinchillas by reason of said erroneous and mistaken belief.

PAR. 9. The aforesaid acts and practices of the respondents, as herein alleged, were and are all to the prejudice and injury of the public and of respondents' competitors and constituted, and now constitute, unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce, in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The 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, make the following jurisdictional findings, and enters the following order:

1. Respondents John C. Hamilton and William Nathaniel are individuals trading and doing business as Chinchilla Breeders of New England, with their principal place of business located at Penfield Hill Road, Portland, Connecticut 06480.

Respondent John C. Hamilton's address is Box 335, Penfield Hill Road, Portland, Connecticut 06480. Respondent William

Nathaniel's address is 20 Oakland Street, Plainville, Connecticut 06062.

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 John C. Hamilton, an individual, and William Nathaniel, an individual, trading as Chinchilla Breeders of New England, or under any other name or names 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 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 or garages, 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 respondents to establish that the represented quarters or buildings have the requisite 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, as a commercially profitable enterprise, can be achieved without previous knowledge or experience in the breeding, caring for and raising of such animals.

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

4. Purchasers of respondents' chinchilla breeding stock will receive pedigreed or high quality chinchillas or any other grade or quality of chinchillas: *Provided, however*, That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that purchasers do actually receive chinchillas of the represented grade or quality.

5. Each female chinchilla purchased from respond-

ents and each female offspring will produce at least three live young per year.

6. The number of live offspring produced per female chinchilla is any number or range of numbers: *Provided, however*, That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that the represented number or range of numbers of offspring are actually and usually produced by female chinchillas purchased from respondents or the offspring of said chinchillas.

7. Each female chinchilla purchased from respondents and each female offspring will produce successive litters of one to three live offspring at 111-day intervals.

8. The number of litters or sizes thereof produced per female by respondents' chinchilla breeding stock is any number or range thereof: *Provided, however*, That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that the represented number or range thereof of litters and sizes thereof are actually and usually produced by chinchillas purchased from respondents or the offspring of said chinchillas.

9. Pelts from the offspring of respondents' chinchilla breeding stock sell for an average price of \$20 per pelt; or that pelts from the offspring of respondents' breeding stock generally sell for from \$20 to \$55 each.

10. Chinchilla pelts from respondents' 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 respondents to establish that the represented price, average price, or range of prices are actually and usually realized for pelts produced by chinchillas purchased from respondents or by the offspring of such chinchillas.

11. A purchaser starting with four females and one male will have, from the sale of pelts, an annual income, earnings or profits of \$5,000 in the fifth year after purchase.

12. Purchasers of respondents' breeding stock will realize earnings, profits or income in any amount or range of amounts; or representing, in any manner, the past earnings, profits or income of purchasers of re-

spondents' breeding stock unless in fact the past earnings, profits or income represented are those of a substantial number of purchasers and accurately reflect the average earnings, profits or income of these purchasers under circumstances similar to those of the purchaser to whom the representation is made.

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

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

15. Chinchillas or chinchilla pelts are in great demand; or that purchasers of respondents' breeding stock can expect to be able to sell the offspring or the pelts of the offspring of respondents' chinchillas because said chinchillas or pelts are in great demand.

16. The assistance or advice furnished to purchasers of respondents' chinchilla breeding stock by respondents will enable purchasers to successfully breed or raise chinchillas as a commercially profitable enterprise.

17. Respondents' chinchillas are guaranteed unless respondents do in fact promptly fulfill all of their obligations and requirements set forth in or represented, directly or by implication, to be contained in any guarantee or warranty applicable to each and every chinchilla.

B. 1. Misrepresenting in any manner, the assistance, training, services or advice supplied by respondents to purchasers of their chinchilla breeding stock.

2. Misrepresenting, in any manner, the earnings or profits of purchasers of respondents' chinchilla breeding stock.

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C. Failing to deliver a copy of this order to cease and desist to all present and future salesmen and other persons engaged in the sale of the 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.
