

Complaint

75 F.T.C.

IN THE MATTER OF

GIANT TELEVISION COMPANY, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT*Docket C-1512. Complaint, Apr. 3, 1969--Decision, Apr. 3, 1969*

Consent order requiring a Washington, D.C., retailer of TV sets and other small appliances to cease falsely advertising the terms of its credit sales, failing to deliver copies of sales contracts to their customers and failing to disclose that such contracts might be sold to a finance company.

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 Giant Television Company, Inc., a corporation, and James A. Taylor, 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. Giant Television Company, Inc., 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 4019 South Capitol Street, SW., in the city of Washington, District of Columbia.

Respondent James A. Taylor is an individual and 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 advertising, offering for sale, sale and distribution of television sets, radios, stereos, radio/television/stereo combinations or other articles of merchandise to the public at retail.

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 merchandise, when sold, to be shipped from their place

of business in the District of Columbia to purchasers thereof located in various States of the United States and in the District of Columbia, and maintain, and at all times mentioned herein have maintained, a substantial course of trade in said merchandise in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the conduct of their aforesaid business, and for the purpose of inducing the purchase of their merchandise, the respondents have represented in advertisements inserted in newspapers of general interstate circulation that purchasers of respondents' merchandise can purchase such merchandise by making nominal weekly credit or installment payments, such as, \$1.75 per week.

PAR. 5. In truth and in fact, it is not respondents' practice to permit purchasers of their merchandise to purchase such merchandise by making the aforesaid nominal weekly credit or installment payments.

Therefore, the representation set forth in Paragraph Four above is false, misleading and deceptive.

PAR. 6. In the course and conduct of their business, and in furtherance of a deceptive sales program for inducing the purchase of their merchandise, respondents have engaged in and are now engaging in the following unfair and deceptive acts and practices:

1. Respondents have secured the signatures of purchasers of respondents' merchandise on conditional sale contracts which state only the number of installment payments and the amount to be paid at each installment. Said purchasers are not informed of the total amount of indebtedness incurred by purchasing said merchandise on credit.

2. Respondents have failed to disclose to the purchasers of their merchandise the material fact that the conditional sale contracts executed by said purchasers may, at the option of respondents, be negotiated or assigned to a finance company to which the purchaser will be indebted.

3. Respondents have failed to supply certain purchasers with a copy of the executed conditional sale contract at the time of consummation of the sale.

PAR. 7. In the conduct of their business, 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 television sets, radios, stereos, radio/television/

stereo combinations or other articles of merchandise 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 representations, acts 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 representations were and are true and into the purchase of substantial quantities of respondents' merchandise 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

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 Giant Television Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the District of Columbia, with its office and principal place of business located at 4019 South Capitol Street, SW., in the city of Washington, District of Columbia.

Respondent James A. Taylor 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 Giant Television Company, Inc., a corporation, and its officers, and James A. Taylor, 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 television sets, radios, stereos, radio/television/stereo combinations or other articles of merchandise, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or by implication, that a specific periodic consumer credit amount or installment amount can be arranged unless the respondents usually and customarily arrange credit payments or installments for that period and in that amount.

2. Failing or refusing to disclose the exact amount of the total purchase price of merchandise, including all interest, credit or service charges, at the time the contract for the sale of such merchandise is executed by the purchaser or purchasers.

3. Failing to orally disclose prior to the time of sale, and in writing on any conditional sale contract, or other instrument of indebtedness executed by a purchaser, and with such conspicuousness and clarity as is likely to be observed and read by such purchaser, that:

Any such instrument, at respondents' option and without notice to the purchaser, may be discounted, negotiated or assigned to a finance company or other third party to which the purchaser will thereafter be

Complaint

75 F.T.C.

indebted and against which the purchaser's claims or defenses may not be available.

4. Failing or refusing to supply purchasers of respondents' merchandise with a copy of the executed conditional sale contract or other agreement at the time of execution by the purchaser.

5. Failing to deliver a copy of this order to cease and desist to all present and future employees engaged in the promotion and sale of respondents' merchandise or services, and failing to secure from each such employee a signed statement acknowledging receipt of said order.

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.
