
IN THE MATTER OF
ORVIL D. PERCIFIELD TRADING AS NORTHWEST CHIN-
CHILLA COMPANY

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

Docket C-1555. Complaint, July 2, 1969—Decision, July 2, 1969

Consent order requiring a Portland, Oregon, distributor of chinchilla breeding stock to cease making exaggerated earning claims, misrepresenting the quality of its stock, deceptively guaranteeing the fertility of its stock, and misrepresenting its services to purchasers.

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 Orvil D. Percifield, also known as Orville D. Percifield, an individual trading and doing business as Northwest Chinchilla Company, formerly known as The Chinchilla Guild of America, Pacific North-

west 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 Orvil D. Percifield, also known as Orville D. Percifield, is an individual trading and doing business under the name Northwest Chinchilla Company, with his principal place of business located at 802 Failing Building, Portland, Oregon, 97204.

Respondent, until September 1966, traded and did business as The Chinchilla Guild of America, Pacific Northwest Division. His principal place of business was located at 802 Failing Building, Portland, Oregon.

PAR. 2. Respondent is now, and for some time last past has 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 his aforesaid business, respondent now causes, and for some time last past has caused, his said chinchillas, when sold, to be shipped from his place of business in the State of Oregon to purchasers thereof located in various other States of the United States, and maintains, and at all times mentioned herein has 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 makes 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, and the training assistance to be made available to purchasers.

Typical and illustrative of said statements and representations, but not all inclusive thereof, are 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!!

Complaint

76 F.T.C.

Farmers—In our opinion there is nothing you can raise or grow that space, time or dollarwise can equal raising quality chinchillas. Investigate Chinchilla Production.

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

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

Key Rancher Agreement. This agreement * * * between Northwest Chinchilla Co., hereinafter called The Company and _____ hereinafter called Key Rancher. It is mutually agreed: 1. That the Company shall buy all offspring scheduled for breeding, meeting prevailing "Guild Quality" standards at the date of purchase. These offspring shall be in pairs, a pair being a male and a female. 2. The purchase price shall be the sum of \$80 per pair for all animals purchased.

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 represents, and has represented, directly or by implication, that:

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

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

3. Each female chinchilla purchased from respondent and each female offspring will produce several successive litters of from one to four live offspring at 111-day intervals.

4. All of the offspring referred to in Paragraph Five (3) above will have pelts selling for an average price of \$30.90 per pelt, and that pelts from offspring of respondent's breeding stock generally sell from \$15 to \$60 each.

5. Chinchillas sold by respondent are top quality breeding stock and have a market value of \$350 each.

6. Each female chinchilla purchased from respondent and each female offspring will produce at least three live young per year.

7. A purchaser starting with six mated pairs of respondent's chinchillas will have a gross income of at least \$5,760 a year from the sale of pelts at the end of the fifth year.

8. Chinchilla breeding stock purchased from respondent is un-

conditionally warranted to live three years and within 18 months reproduce a number of offspring equal to the number of animals originally purchased.

9. Breeding chinchillas by mated pairs produces more offspring of better quality than by using one male to breed several females, called polygamous breeding.

10. Chinchillas are hardy animals and are not susceptible to diseases.

11. Purchasers of respondent's chinchilla breeding stock joining The Chinchilla Guild of America will, because of the services offered by said organization, be able to raise chinchillas with pelts selling for an average price of \$45 per pelt.

12. Respondent will purchase, through the "Key Rancher Agreement," all of the chinchilla offspring meeting prevailing "Guild Quality" standards raised by purchasers of respondent's chinchilla breeding stock, for \$80 per pair, a pair being a male and a female.

13. The "Guild Quality" standard of live chinchilla evaluation is an accepted standard in the chinchilla industry for determining the quality of chinchilla breeding stock.

14. Approximately 75 percent of all chinchilla offspring raised from chinchilla breeding stock purchased from respondent will be of "Guild Quality."

15. Respondent, doing business as Northwest Chinchilla Company, has been in the chinchilla business for more than 20 years.

16. Purchasers of respondent's breeding stock can expect a great demand for the offspring and for the pelts of the offspring of respondent's chinchillas.

17. A purchaser investing \$4,000 in respondent's chinchillas will make \$25,000 a year in profit two years after the purchase of respondent's chinchillas.

18. Through the assistance and advice furnished to purchasers of respondent's breeding stock by The Chinchilla Guild of America, purchasers are able to successfully breed and raise chinchillas as a commercially profitable enterprise.

PAR. 6. In truth and in fact:

1. It is not commercially feasible to breed or raise chinchillas from breeding stock purchased from respondent in homes, basements, garages, barns, 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 from breeding stock purchased from respondent as a commercially profitable enterprise requires specialized knowledge in the breeding, caring for and raising of said animals, much of which must be acquired through actual experience.

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

4. All of the offspring referred to in subparagraph (4) of Paragraph Five above will not produce pelts selling for an average price of \$30.90 per pelt but substantially less than that amount; and pelts from offspring of respondent's breeding stock will generally not sell for \$15 to \$60 each since some of the pelts are not marketable at all and others would not sell for \$15 but substantially less than that amount.

5. Chinchillas sold by respondent are not top quality breeding stock and do not have a market value of \$350 each, but substantially less than that amount.

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

7. A purchaser starting out with six mated pairs of respondent's breeding stock will not have a gross income of at least \$5,760 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 within 18 months reproduce 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.

9. Breeding chinchillas by mated pairs does not produce more offspring or offspring of better quality than the polygamous breeding method.

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

11. Purchasers of respondent's chinchilla breeding stock joining The Chinchilla Guild of America are not able, because of the services offered by that organization, to raise chinchillas with

pelts selling for an average price of \$45 per pelt; such pelts generally sell for substantially less than that amount.

12. Respondent seldom, if ever, through the "Key Rancher Agreement" purchases all, if any, of the chinchilla offspring meeting prevailing "Guild Quality" standards raised by purchasers of respondent's chinchilla breeding stock for \$80 per pair. Furthermore, respondent purchases the breeding stock resold by him from a commercial breeding organization and seldom, if ever, purchases any breeding stock from his customers.

13. The "Guild Quality" standard for live chinchilla evaluation is not an accepted standard in the chinchilla industry for determining the quality of chinchilla breeding stock.

14. Approximately 75 percent of all chinchilla offspring raised from chinchilla breeding stock purchased from respondent will not be of "Guild Quality."

15. Respondent, doing business as Northwest Chinchilla Company has not been in the chinchilla business for more than 20 years. Respondent doing business as Northwest Chinchilla Company has been in the chinchilla business for less than 2 years.

16. Purchasers of respondent's breeding stock cannot expect a great demand for the offspring or the pelts of the offspring of respondent's chinchillas.

17. A purchaser investing \$4,000 in respondent's chinchillas will not make \$25,000 a year in profit two years after the purchase of respondent's chinchillas. Such purchasers can make little, if any, profit two years after said purchase.

18. Purchasers of respondent's breeding stock are not able to successfully breed and raise chinchillas as a commercially profitable enterprise through the assistance and advice furnished them by The Chinchilla Guild of America.

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 aforesaid business, and at all times mentioned herein, respondent has been, and now is, 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 that sold by respondent.

PAR. 8. The use by respondent of the aforementioned false, misleading and deceptive statements, representations, and practices has had, and now has, the tendency and capacity to mislead members of the purchasing public into the erroneous and mistaken be-

lief that said statements and representations were and are 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 and are all to the prejudice and injury of the public and of respondent's 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 Commission having heretofore determined to issue its complaint charging the respondent named in the caption hereof with violation of the Federal Trade Commission Act, and the respondent 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 respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent 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 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 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 thirty (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 Orvil D. Percifield, also known as Orville D. Percifield, is an individual trading and doing business under the name Northwest Chinchilla Company, with his principal place of business located at 802 Failing Building, Portland, Oregon, 97204.

Respondent Percifield, until September 1966, traded and did business as The Chinchilla Guild of America, Pacific Northwest Division. His principal place of business was located at 802 Failing Building, Portland, Oregon.

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 Orvil D. Percifield, also known as Orville D. Percifield, an individual trading and doing business as Northwest Chinchilla Company, formerly known as The Chinchilla Guild of America, Pacific Northwest 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 or spare buildings, or other quarters or buildings unless in immediate conjunction therewith it is clearly and conspicuously disclosed that the represented quarters or buildings can only be adaptable to and suitable for the breeding and raising of chinchillas on a commercial basis if they have the requisite space, temperature, humidity, ventilation and other environmental conditions.

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

4. The number of litters or sizes thereof produced per female chinchilla is any number or range thereof; or representing, in any manner, the past number or range of numbers of litters or sizes produced per female chinchilla of purchasers of respondent's breeding stock unless in fact the past number or range of numbers represented are those of a substantial number of purchasers

and accurately reflect the number or range of numbers of litters or sizes thereof produced per female chinchilla of these purchasers under circumstances similar to those of the purchaser to whom the representation is made.

5. Pelts from the offspring of respondent's chinchilla breeding stock sell for an average price of \$30.90 per pelt; or that pelts from the offspring of respondent's breeding stock generally sell from \$15 to \$60 each.

6. Chinchilla pelts from respondent's breeding stock will sell for any price, average price, or range of prices; or representing, in any manner, the past price, average price or range of prices of purchasers of respondent's breeding stock unless in fact the past price, average price or range of prices represented are those of a substantial number of purchasers and accurately reflect the price, average price or range of prices realized by these purchasers under circumstances similar to those of the purchaser to whom the representation is made.

7. Purchasers of respondent's chinchilla breeding stock will receive top quality chinchillas or that respondent's chinchilla breeding stock has a market value of \$350 each or any other price or range of prices unless respondent's purchasers do actually receive chinchillas of the represented market value, price or range of prices.

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

9. The number of live offspring produced per female chinchilla is any number or range of numbers; or representing, in any manner, the past number or range of numbers of live offspring produced per female chinchilla of purchasers of respondent's breeding stock unless in fact the past number or range of numbers represented are those of a substantial number of purchasers and accurately reflect the number or range of numbers of live offspring produced per female chinchilla of these purchasers under circumstances similar to those of the purchaser to whom the representation is made.

10. A purchaser starting with six mated pairs of respondent's chinchillas will have, from the sale of pelts, a

gross income, earnings or profits of \$5,760 at the end of the fifth year after purchase.

11. Purchasers of respondent's 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 respondent's 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.

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

13. Breeding chinchillas by mated pairs will produce more or better quality offspring than by polygamous breeding.

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

15. Purchasers of respondent's chinchilla breeding stock joining The Chinchilla Guild of America will, because of the services offered by that organization, be able to raise chinchillas with pelts selling for an average price of \$45 per pelt, or for any other amount in excess of that usually received by members of said Guild; or misrepresenting, in any manner, the benefits, gains, or advantages afforded members of said Guild or members, participants, or affiliates of any other organization or group.

16. Respondent will purchase all or any of the chinchilla offspring or pelts thereof raised by purchasers of respondent's breeding stock for \$80 a pair unless respondent does in fact so purchase such offspring or pelts for the represented price; or that respondent will purchase said offspring or pelts for any other prices unless respondent does, in fact, purchase all the offspring or pelts offered by said purchasers at the prices and on the terms and conditions represented; or representing, in

any manner, that respondent will purchase chinchilla offspring raised by customers unless respondent does in fact purchase such offspring.

17. The "Guild Quality" standard of live chinchilla evaluation is an accepted standard in the chinchilla industry for determining the quality of chinchilla breeding stock; or misrepresenting, in any manner, the standards or the acceptance or recognition of standards in the chinchilla industry for the evaluation or grading of chinchillas or the pelts therefrom.

18. Approximately 75 percent of all chinchillas raised from chinchilla breeding stock purchased from respondent will be of Guild Quality; or misrepresenting, in any manner, the number or proportion of chinchillas from respondent's or any other breeding stock which will be of a stated grade or quality.

19. Respondent doing business as Northwest Chinchilla Company or under any other trade or corporate name or as an individual has been in the chinchilla business for more than 20 years; or misrepresenting, in any manner, the length of time respondent individually or through any corporate or other device has been in business.

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

21. Purchasers investing \$4,000 in respondent's chinchillas will make \$25,000 in profit two years after the purchase of respondent's chinchillas.

22. Purchasers investing any amount or range of amounts will make any amount, or range of amounts in profit in any number of years or interval of time after the purchase of respondent's chinchillas; or representing, in any manner, the past profit or range of profits purchasers investing any amount or range of amounts will make in any number of years or interval of time after purchase of respondent's chinchillas unless, in fact, the past profit or range of profits represented are those of a substantial number of purchasers and accurately re-

flect the average profit or range of profits of these purchasers under circumstances similar to those of the purchaser to whom the representation is made.

23. The assistance or advice furnished to purchasers of respondent's chinchilla breeding stock by respondent or The Chinchilla Guild of America will assure purchasers of successfully breeding or raising chinchillas as a commercially profitable enterprise.

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

C. Misrepresenting, in any manner, the earnings or profits to purchasers or the quality or reproduction capacity of any chinchilla breeding stock.

D. 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 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.
