

sons engaged in the sale of respondents' products or services, and shall 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 of their compliance with this order.

IN THE MATTER OF

LIFE ELECTRONICS CORPORATION, INC., DOING BUSINESS
AS LITE ELECTRONICS INC., ETC., ET AL.

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

*Docket C-1566. Complaint, July 28, 1969—Decision, July 28, 1969 **

Consent order requiring a Washington, D.C., television repair shop to cease deceptively guaranteeing and misrepresenting the nature of its services, misrepresenting rebuilt parts as new, and making deceptive pricing and percentage savings claims.

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 Life Electronics Corporation, Inc., a corporation, trading and doing business as Lite Electronics, Inc., and Lite Radio & TV Repair, and Andrew C. Neidinger, 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. Life Electronics Corporation, Inc., is a corporation, trading and doing business as Lite Electronics, Inc., and Lite Radio & TV Repair, and is organized, existing and doing business under and by virtue of the laws of the District of Col-

* Modified by Commission's order of Sept. 1, 1970, by adding a new paragraph numbered 11 which forbids respondents from failing to maintain adequate records upon which its prices and savings to customers are based.

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umbia, with its principal office and place of business located at 2012 14th Street, N.W., in Washington D.C.

Respondent Andrew C. Neidinger 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, distribution and service of new, used and rebuilt televisions, radios, phonographs, and parts thereof 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, and appliances left in their care for repair, to be shipped from their place of business in the District of Columbia to purchasers of such merchandise and service located in various other 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 and service 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 and service, the respondents have made, and are now making, numerous statements and representations in advertisements inserted in telephone directories, newspapers of general interstate circulation and radio broadcasts of which the following are typical and illustrative, but not all inclusive thereof:

TV SERVICE

[picture of television set]

GUARANTEED WORK

14 years serving Washington area—We repair all makes

U.S. & FOREIGN—1 YEAR GUARANTEE

\$3.00 HOME CALLS

PICTURE TUBES

21"—15.95 23"—24.95 GUAR. 1 YR.

LITE TV 2012 14th St. N.W., to 9 p.m. HO 2-4410

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17 Years Serving Washington Area—Quick Reasonable Service—Member
T E S A—Most Sets Repaired in Home by Expert Technicians.

Save 40% On Over The Counter Sales Picture Tubes—Used TV.

TVs—Used \$30 \$40 \$50 \$60 Clearance Sale.

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, the respondents have represented, and are now representing, directly or by implication that:

1. Merchandise sold by respondents or repair services performed by respondents are unconditionally guaranteed for a period of one year.

2. The \$3 fee for service of television sets in the customer's home is the total charge that said customer will have to pay to receive home repair service.

3. Most consumers requesting service of television sets in their homes will be able to have such sets repaired in their homes without incurring the inconvenience and expense of removing the set to the repair shop for service.

4. The advertised picture tubes are new.

5. During the period of the advertised "Clearance Sale" or other words of similar import and meaning, the advertised price of the used television sets represents a reduction from the price at which respondents have made a bona fide offer to sell or have sold said sets on a regular basis for a reasonably substantial period of time in the recent, regular course of their business.

6. Purchasers of used televisions and picture tubes will realize a savings of 40% off the actual price that such merchandise was offered for sale or sold by respondents in good faith for a reasonably substantial period of time in the recent, regular course of their business.

PAR. 6. In truth and in fact:

1. Merchandise sold by respondents or repair services performed by respondents are not unconditionally guaranteed for a period of one year. Such guarantees as may be provided are subject to numerous conditions and limitations not disclosed in respondents' advertising. Furthermore, respondents have failed to disclose in their advertising the nature and extent of the guarantee, the identity of the guarantor and the manner in which the guarantor will perform thereunder.

2. Respondents charge recipients of home service of television sets \$12.50 for an estimate of repair costs. The advertised \$3 fee arises only in an insignificant number of instances when the customer requests repair of the television set without first asking for an estimate of repair costs.

3. Most television sets repaired by respondents must be removed from customers' homes to receive the necessary service and in only isolated instances will customers obtain complete repair of their television sets in their homes.

4. The advertised picture tubes are not new, but are rebuilt or reconditioned picture tubes.

5. During the period of the advertised "Clearance Sale" or other words of similar import and meaning, the advertised price of any used television set did not represent a reduction from the price at which respondents have made a bona fide offer to sell or have sold said sets on a regular basis for a reasonably substantial period in the recent, regular course of their business.

6. Purchasers of used televisions and picture tubes will not realize a savings of the advertised percentage amount from the actual price at which such merchandise was offered or sold in good faith by respondents for a reasonably substantial period of time in the recent, regular course of their business.

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 business as aforesaid, respondents have engaged in and are now engaging in the following unfair and deceptive acts and practices:

1. Upon completion of repair service, respondents guarantee the workmanship performed and any parts replaced for a specified period of time. However, in a number of instances respondents have failed to honor, or have unduly and unreasonably delayed in honoring requests for further service as provided in said guarantee.

2. It is respondents' policy to inform customers who tender appliances for repair that said appliances will be repaired within a specified period of time. Respondents, however, in some instances have failed to complete the repairs within the stated period of time.

PAR. 8. In the course and conduct of their aforesaid business, and at all times mentioned herein, respondents have been, and

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now are, in substantial competition, in commerce, with corporations, firms and individuals in the sale of merchandise and service of the same general kind and nature as that sold by respondents.

PAR. 9. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices as 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' merchandise and service by reason of said erroneous and mistaken belief.

PAR. 10. 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 Life Electronics Corporation, Inc., is a corporation trading and doing business as Lite Electronics, Inc., and Lite Radio & TV Repair, and is 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 2012 14th Street, NW., Washington, D.C.

Respondent Andrew C. Neidinger 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 Life Electronics Corporation, Inc., a corporation, trading and doing business as Lite Electronics, Inc., and Lite Radio & TV Repair, or under any other name, and its officers, and Andrew C. Neidinger, 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, distribution and service of new, used and rebuilt televisions, radios, phonographs, and parts thereof or other articles or 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 respondents' merchandise or appliances repaired by respondents are guaranteed, unless the nature, conditions and extent of the guarantee, identity of the guarantor and the manner in which the guarantor will perform thereunder are clearly and conspicuously disclosed in immediate conjunction therewith, and unless all such guarantees are in fact honored and the terms thereof promptly fulfilled.

2. Representing, directly or by implication, the price of repair service of television sets or of other appliances, unless in conjunction with the advertised price for said service, respondents clearly and conspicuously disclose the nature and scope of the service rendered for the advertised price.

3. Representing, directly or by implication, that respondents can service and repair most television sets or other appliances in the customer's home; or otherwise misrepresenting the extent to which respondents can provide in-home repair service.

4. Representing, directly or by implication, that any rebuilt or reconditioned picture tube is new.

5. Failing to disclose in invoices, warranties and advertising of rebuilt or reconditioned picture tubes that such picture tubes are rebuilt or reconditioned and contain used parts.

6. Using words "Clearance Sale" or any other word or words of similar import and meaning unless the price of such merchandise being offered for sale constitutes a reduction, in an amount not so insignificant to be meaningless, from the actual bona fide price at which such merchandise has been offered or sold by respondents for a reasonably substantial period of time in the recent, regular course of their business and respondents' business records establish the price at which such merchandise has been offered or sold by respondents for a reasonably substantial period of time in the recent, regular course of their business.

7. Using the word "Save" or any other word or words of similar import and meaning in conjunction with a stated percentage amount of savings, unless the stated percentage amount of savings actually represents the difference between the offering price and the actual bona fide price at which such merchandise has been sold or offered for sale on a regular basis to the public by respondents for a reasonably substantial period of time in the recent, regular course of their business.

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

9. Failing to provide repair service within the period of time respondents inform customers that said service will be completed, unless respondents obtain from such customers a signed statement permitting completion of the repair service

beyond the time period originally specified by respondents: *Provided however*, If customers do not agree to delay in completion of service, respondents will promptly return articles left for repair to customers without cost and in the same condition such articles were in when left for repair with respondents.

10. Failing to honor guarantees within thirty (30) days after respondents receive a request for service under said guarantees, unless respondents obtain a signed statement from customers permitting respondents to comply with the provisions of the guarantees beyond the aforesaid time period:

Provided however, If respondents do not obtain such agreements from customers, respondents will:

A. Refund all monies received in the purchase of items of merchandise under guarantees; or

B. Refund all monies received for repairs of appliances under guarantees; or

C. In instances when respondents have not received monies under the situations described in Subparagraphs A and B hereof, respondents will return all appliances received for repair under guarantees in the same condition the appliances were in when left for repair with respondents.

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.
