
IN THE MATTER OF
AARON'S, INC., ET AL.

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

Docket C-1573. Complaint, Aug. 6, 1969—Decision, Aug. 6, 1969

Consent order requiring a Falls Church, Va., retailer of television and radio sets to cease using bait advertising, making deceptive offers of free merchandise, inducing purchasers to sign partially completed contracts, and failing to disclose that sales contracts may be negotiated to third parties.

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 Aaron's, Inc., a corporation and Harry Baron and Irene Baron, individually and as officers 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. Aaron's, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Virginia, with its principal office and place of business located at 440 South Washington Street in the city of Falls Church, Commonwealth of Virginia.

Respondents Harry Baron and Irene Baron are individuals and are officers of the corporate respondent. They formulate, direct and control the acts and practices of the corporate respondent, in-

cluding the acts and practices hereinafter set forth. Their 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 televisions, stereos, radio, television and phonograph combination sets and other articles of merchandise to the public.

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 products, when sold, to be shipped from their place of business in the Commonwealth of Virginia to the purchasers thereof 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 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 certain televisions and television, radio and phonograph combinations, the respondents have made, and are now making, numerous statements and representations in advertisements inserted in newspapers, of which the following are typical and illustrative, but not all inclusive thereof:

FREE HOME DEMONSTRATION

CALL 538-2920 Now

Home Demo. Hours: Daily and Sunday 9 a.m. to 10:00 p.m.

Store Hours: Daily 9:30-6:00—Fri. 9:30-9:00

282 sq. in. T.V. RADIO PHONO COMB.

Complete With VHF-UHF Famous Brand

[Picture of television set] \$159 with old set

FREE WITH YOUR
PURCHASE \$50 WORTH
LP STEREO RECORDS

NO MONEY DOWN
with Old Set in Trade
No PAYMENTS FOR 46 DAYS
QUALIFIED PURCHASERS

FANTASTIC VALUE

267 SQ. IN. ADMIRAL COLOR

[Picture of television set]

Console Base Optional

Admiral presents brilliant color highlights
with sharper, crisply defined images, in
vivid COLOR as well as in Black and
White TV. You see the full picture—
Exactly what the TV camera sees.

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\$259

With Trade

NO MONEY DOWN With Old Set in
Trade. No Payment for 46 Days.

CALL NOW

533-2920

AARON'S

440 WASHINGTON ST.

14 years serving Washington area—

FREE

set walkie-talkies or
16-transistor radio
with purchase of any
console TV

FREE

Your Choice
electric percolator or
electric portable mixer
with purchase of any
console TV.

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, separately and in connection with the oral statements and representations of their salesmen and representatives, the respondents have represented, and are now representing, directly or by implication that:

1. The offers set forth in said advertisements are bona fide offers to sell the advertised products at the prices and on the terms and conditions stated.

2. The respondents have sufficient quantities of the advertised products available for purchase.

3. Purchasers of the advertised television, radio, phonograph combination will receive free with their purchase, \$50 worth of LP stereo records.

4. Purchasers of the advertised console television sets will receive with their purchase, a free set of walkie-talkies, a free 16-transistor radio, or their choice of a free electric percolator or portable mixer.

PAR. 6. In truth and in fact:

1. The offers set forth in said advertisements were not bona fide offers to sell the advertised products at the prices and on the terms and conditions stated. Respondents' salesmen, who called at home upon persons responding to said advertisements, did not display the advertised products. Instead, respondents' salesmen disparaged the advertised products and attempted to sell a higher

priced product. By these and other tactics, purchase of an advertised product was discouraged and respondents frequently sold a higher priced product.

2. In a number of instances, the respondents did not have sufficient quantities of the advertised products available for purchase.

3. Purchasers of the advertised television, radio, phonograph combination did not receive \$50 worth of the stereo records free.

4. Purchasers of the advertised console television sets did not receive with their purchase a free set of walkie-talkies, a free 16-transistor radio, or their choice of a free electric percolator or portable mixer.

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, respondents have engaged in the following unfair and deceptive acts and practices:

1. In a number of instances, respondents have induced purchasers of their merchandise to sign blank conditional sales contracts and other instruments which respondents later complete as to prices, terms and product information.

2. In a number of instances, respondents have failed to disclose to the purchaser the material fact that the conditional sale contract and promissory note executed by such purchasers may, at the option of respondents, be negotiated or assigned to a finance company to which the purchaser will be indebted.

3. In a number of instances, respondents have failed to supply purchasers with a copy of the executed conditional sales contract and promissory note at the time of the consummation of the sale.

4. In a number of instances, respondents have failed to disclose all applicable interest, finance, credit, service, or carrying charges to the purchaser.

PAR. 8. 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 television sets, stereos, and radio, television, phonograph combinations and other articles of merchandise of the same general kind and nature as those sold by respondents.

PAR. 9. The use by respondents of the aforesaid false, misleading, and deceptive statements, representations and practices has

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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 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 Aaron's, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Virginia, with its principal place of business

located at 440 South Washington Street, in the city of Falls Church, Commonwealth of Virginia.

Respondents Harry Baron and Irene Baron 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 Aaron's, Inc., a corporation, and its officers, and Harry Baron and Irene Baron, individually and as officers 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, television, radio and phonograph combinations, or other products, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using in any manner, a sales plan, scheme or device wherein false, misleading or deceptive statements or representations are made in order to obtain leads or prospects for the sale of merchandise.

2. Discouraging the purchase of, or disparaging, any of the respondents' merchandise which is advertised or offered for sale.

3. Representing, directly or by implication, that specified products are offered for sale, unless such offer is bona fide and unless sufficient quantities are available in stock to satisfy reasonably anticipated demand: *Provided, however*, That items available only in limited supply may be advertised if such advertising clearly and conspicuously discloses the number of units in stock and the duration of the offer.

4. Representing, directly or by implication, that free merchandise will be given to purchasers of products, unless such free merchandise is tendered or delivered to the purchasers in every instance.

5. Inducing or causing purchasers or prospective purchasers of respondents' merchandise to sign blank or partially completed conditional sale contracts, or any other contractual instruments not fully filled out and completed.

6. Failing to disclose in writing, prior to the execution of any evidence of indebtedness by the purchaser, and with such conspicuousness and clarity as is likely to be observed and read by the purchaser, that such evidence of indebtedness may be, at respondents' option and without notice to the purchaser discounted, negotiated or assigned to a third party to whom the purchaser will be thereafter indebted and against whom the purchaser's claims or defenses may or may not be available.

7. Failing or refusing to supply purchasers of respondents' merchandise with a copy of the executed conditional sales contract, promissory note or other agreement at the time of execution by the purchaser.

8. Failing or refusing to disclose the exact amount of the total purchase price of merchandise including all interest, taxes, finance, credit, service or carrying charges, at the time the contract is executed by the purchasers.

9. 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 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 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.
