

February 15, 1969.

IN THE MATTER OF
CHINCHILLA INTERNATIONAL BREEDERS ASSOCIATES,
ET AL.

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

Docket 8780. Complaint, Apr. 24, 1969—Decision, Dec. 8, 1969

Consent order requiring a Grants Pass, Oreg., seller of chinchilla breeding stock to cease making exaggerated earning claims, misrepresenting the quality of its stock, deceptively guaranteeing the fertility of its stock, misrepresenting its services to purchasers, and using a name which implies that it is a trade association.

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 Chinchilla International Breeders Associates, a partnership, and Theodore R. Wood and Theodore C. Wood, individually and as copartners trading and doing business as Chinchilla International Breeders Associates, 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. Respondent Chinchilla International Breeders Associates is a partnership comprised of the following named individuals who formulate, direct and control the acts and practices hereinafter set forth. The principal office and place of business of said partnership is located at 2300 Williams Highway, Grants Pass, Oregon, 97526.

Respondents Theodore R. Wood and Theodore C. Wood are in-

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dividuals and copartners trading and doing business as Chinchilla International Breeders Associates with their principal office and place of business at the above-stated address.

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 Oregon 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, respondents have made, and are now making numerous statements and representations in television broadcasts, direct mail advertising and through the oral statements and display of promotional material to prospective purchasers by their salesmen, with respect to the breeding of chinchillas in the home for profit without previous experience, the rate of reproduction of said animals, the expected income from the sale of their pelts, the quality of said animals, the training assistance made available to purchasers and the status of their organization.

Typical and illustrative of the statements and representations contained in said advertising and promotional material, but not all inclusive thereof, are the following:

The chinchilla industry offers spectacular opportunity to all investors.
* * *

Every day delayed represents tremendous loss in production and profit!

Using an average of two litters a year and two babies per female, a rancher could have 21 pair at the end of a three-year period, starting with one pair.

The Chinchilla International Breeders Associates (CIBA) was formed as a trade association for Chinchilla ranchers. The functions of CIBA include promoting the Chinchilla industry, conducting a registry, performing research and encouraging the improvement in the quality of chinchillas, and bringing together people interested in raising chinchillas.

ARE YOU

An employed person wanting a money-making sideline which will become a

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profitable, independent business at some future date without loss of present salaried income?

* * * * *

A handicapped or partially disabled person needing some light, interesting work with short hours and good income to enjoy complete independence?

* * * * *

Chinchillas are naturally hardy and do not require elaborate housing. A basement, spare bedroom built-in porch, garage or out building is satisfactory.

People Have Asked

* * * * *

Are Chinchillas susceptible to many diseases?

No. They are very hardy animals, contrary to uninformed popular belief.

* * * They are practically disease free.

* * * * *

Is experience necessary to raise chinchillas?

No. Because CIBA's exceptional technical assistance and advice are always available to the rancher * * * no prerequisite other than a natural liking of animals and a sincere desire to succeed is necessary.

1 Male and 3 Females—\$2,400

CIBA Membership—\$50

1. Guaranteed production.
2. Exchange of herd sires.
3. Free instruction at CIBA Ranch.

YOUR INCOME OVER 5 YEARS

Year:	Extra males at \$25:	
2_____	4_____	\$100
3_____	10_____	250
4_____	24_____	600
5_____	252_____	6,300
		7,250

1. Guarantee animals to live.
2. Guarantee number to double 1st year.

PAR. 5. By and through the use of said statements and representations made by respondents in their advertising and promotional material, and others of similar import and meaning but not expressly set out herein, and in oral statements and representations made by their salesmen, respondents represent, and have represented, directly or by implication, that:

1. It is commercially feasible to breed and raise chinchillas from breeding stock purchased from respondents in homes, basements, garages, built-in porches, spare buildings and that 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 top quality chinchillas.

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

6. The breeding stock of three females and one male chinchilla purchased from respondents will result in live offspring as follows: 12 the first year, 32 the second year, 84 the third year.

7. The pelts from the offspring of respondents' breeding stock sell for an average price of \$25 per pelt.

8. A purchaser starting with three females and one male of respondents' chinchilla breeding stock will have a gross income of \$6,300 from the sale of pelts in the fifth year.

9. There is a great demand for the offspring and for the pelts of the offspring of chinchilla breeding stock purchased from respondents.

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

11. The term "Imperial Quality" is a designation widely recognized throughout the chinchilla industry as denoting high quality chinchilla breeding stock.

12. Chinchilla breeding stock purchased from respondents is unconditionally guaranteed to live and to double their number the first year after purchase.

13. All pelts sold by CIBA and CIBA members are sold under or are nationally advertised under the "Aurora" trademark.

14. 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.

15. Through the use of the words "Chinchilla International Breeders Associates" separately and as a part of respondents' tradename, respondents: (a) have branches or ranches in countries other than the United States; (b) are associated with other individuals or firms engaged in the breeding and raising of chinchilla breeding stock.

16. Chinchilla International Breeders Associates is an association formed for the mutual aid and protection of purchasers of respondents' chinchilla breeding stock.

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, garages, built-in porches, spare buildings 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 top quality.

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

6. The initial chinchilla breeding stock of three females and one male purchased from respondents will not result in the number of offspring specified in subparagraph (6) of Paragraph Five above since these figures do not allow for factors which reduce chinchilla production such as those born dead or which die after birth, the culls which are unfit for reproduction, fur chewers and sterile animals.

7. A purchaser of respondents' chinchillas could not expect to receive an average price of \$25 for each pelt but substantially less than that amount.

8. A purchaser starting with three females and one male of respondents' breeding stock will not have a gross income of \$6,300 from the sale of pelts in the fifth year but substantially less than that amount.

9. There is not a great demand for the offspring nor for the pelts of the offspring of chinchilla breeding stock purchased from respondents.



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

11. The term "Imperial Quality" is not a designation widely recognized throughout the chinchilla industry as denoting high quality chinchilla breeding stock. Said term is unknown throughout most of the chinchilla industry.

12. Chinchilla breeding stock purchased from respondents is not unconditionally guaranteed to live and to double its number the first year after purchase. Said guarantee is subject to numerous terms, limitations and conditions.

13. All pelts sold by CIBA and CIBA members are not sold under or nationally advertised under the "Aurora" trademark. Few, if any, of the said pelts are sold or advertised under the "Aurora" trademark.

14. 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.

15. Chinchilla International Breeders Associates does not have branches or ranches in countries other than the United States nor is it associated with other individuals or firms engaged in the breeding and raising of chinchilla breeding stock.

16 Chinchilla International Breeders Associates is not an association formed for the mutual aid and protection of purchasers or respondents' chinchilla breeding stock but is a business formed for the purpose of selling respondents' chinchilla breeding stock for a profit.

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, at all times mentioned herein, respondents have been in substantial competition, in commerce, with corporations, firms and individuals in the sale of chinchilla breeding stock.

PAR. 8. The use by respondents of the aforesaid 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 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 in 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 issued its complaint on April 24, 1969, charging the respondents named in the caption hereof with violation of the Federal Trade Commission Act, and the respondents having been served with a copy of that complaint; and

The Commission having duly determined upon motion certified to the Commission that, in the circumstances presented, the public interest would be served by waiver here of the provision of Section 2.34 (d) of its Rules that the consent order procedure shall not be available after issuance of complaint; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by respondents of all the jurisdictional facts set forth in the 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 set forth in such complaint, and waivers and provisions as required by the Commission's Rules; and

The Commission having considered the aforesaid agreement and having determined that it provides an adequate basis for appropriate disposition of this proceeding, the agreement is hereby accepted, the following jurisdictional findings are made, and the following order is entered:

1. Respondent Chinchilla International Breeders Associates is a partnership comprised of the following named individuals who formulate, direct and control the acts and practices hereinafter set forth. The principal office and place of business of said partnership is located at 2300 Williams Highway, Grants Pass, Oregon, 97526.

Respondents Theodore R. Wood and Theodore C. Wood formulate, direct and control the policies, acts and practices of the abovenamed enterprise.

2. The Federal Trade Commission has jurisdiction of the sub-

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ject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Chinchilla International Breeders Associates, a partnership, and Theodore R. Wood and Theodore C. Wood, individually and as copartners trading and doing business as Chinchilla International Breeders Associates, or trading and doing business under any other name or names, and respondents' 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, raising and care of such animals.

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

4. Purchasers of respondents' chinchilla breeding stock will receive top quality chinchillas.

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

6. The number of live offspring produced per female chinchilla in 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 respondents' 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.

7. The breeding stock of three females and one male chinchilla purchased from respondents will produce live offspring of 12 the first year, 32 the second year, 84 the third year.

8. The number of live offspring produced by or from respondents' chinchilla breeding stock is any number or range thereof; or representing, in any manner, the past number or range of numbers of live offspring produced by or from respondents' chinchilla 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 thereof produced by or from respondents' chinchilla breeding stock of these purchasers under circumstances similar to those of the purchaser to whom the representation is made.

9. Offspring of chinchilla breeding stock purchased from respondents will produce pelts selling for the average price of \$25 each.

10. Chinchilla pelts from respondents' 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 respondents' 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.

11. A purchaser starting with three females and one male will have, from the sale of pelts, a gross income, earnings or profits of \$6,300 in the fifth year after purchase.

12. Purchasers of respondents' breeding stock will re-

alize 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 respondents' 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. 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.

14. The "Imperial Quality" standards of live chinchilla evaluation is an accepted standard in the chinchilla industry for determining the quality of chinchilla breeding stock; or that animals bearing such designation are recognized as being high quality chinchilla breeding stock; or misrepresenting, in any manner, the standards or the acceptance or recognition of standards or designations in the chinchilla industry for the evaluation or grading of chinchillas or the pelts therefrom.

15. Breeding stock purchased from respondents 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.

16. All or any pelts sold by CIBA or CIBA members are sold under or are nationally advertised under the "Aurora" label or under any other label or designation unless, in fact, the represented number of or percentage of CIBA or CIBA members' pelts are actually sold under or advertised under the represented label or designation.

17. 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 through the sale of pelts of such animals.

18. Chinchilla International Breeders Associates or

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respondents are an association formed for the mutual aid and protection of purchasers of respondents' chinchilla breeding stock; or misrepresenting, in any manner, the nature or status of respondents' business.

B. Using the words "International Breeders Associates" or any other words of similar import or meaning in or as a part of respondents' trade or corporate name or in any other manner; or representing, directly or by implication, that respondents' business organization has branches or ranches in countries other than the United States or is associated with other individuals or firms engaged in the breeding or raising of chinchilla breeding stock.

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

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

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