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Decision and Order

It is further ordered, That the respondent herein shall, within sixty (60) days after January 1, 1970, file with the Commission a report in writing setting forth in detail the manner and form in which it has complied with this order.

IN THE MATTER OF
VORNADO, INC.

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

Docket C-1644. Complaint, Dec. 8, 1969—Decision, Dec. 8, 1969

Consent order requiring a Garfield, N.J., corporation which operates or controls a chain of 45 department and retail stores in 7 States to cease making false pricing, savings, and guarantee claims, and failing to maintain adequate pricing records.

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 Vornado, Inc., a corporation, and certain subsidiary corporations of said Vornado, Inc., 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 Vornado, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business at 174 Passaic Street, Garfield, New Jersey. Respondent from its aforementioned principal place of business is responsible for all the acts and practices of the aforementioned subsidiary corporations hereinbefore referred to as respondents in this complaint.

PAR. 2. Respondent Vornado, Inc., owns, operates, and controls, directly or through the aforementioned wholly owned and controlled subsidiary corporations, a chain of more than forty-five (45) department stores and other retail stores, located in approx-

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imately seven (7) States of the United States. Respondent Vornado, Inc., and its aforementioned subsidiary corporations have been and are now engaged in the advertising, offering for sale, sale and distribution of cameras, clothing, tires, toys, automobiles batteries, vitamins, hardware and other articles of merchandise to the general public located in said States. Said department stores and all of the departments contained therein are advertised and represented to the general public under the several trade names of its subsidiary corporations.

PAR. 3. Respondent Vornado, Inc., and its aforementioned subsidiary corporations have in a number of the aforementioned department and other retail stores certain leased departments. Respondent Vornado, Inc., and its aforementioned subsidiary corporations are responsible for and control the advertising and offering for sale to the general public of the merchandise of the aforesaid leased departments.

PAR. 4. In the course and conduct of its business as aforesaid, respondents formulate, direct and control the acts and practices of said department stores and leased departments, including, but not limited to the purchasing, pricing, advertising, personnel, accounting and financial activities of said department stores and leased departments. In the course and conduct of their business, respondents cause advertising mats, advertising circulars, checks, sales memoranda, policy directives, and other documents and communications to be transmitted by the United States mails and by other interstate mechanisms, to and from respondents' said principal office and place of business to said department stores located in said other States of the United States.

In the further course and conduct of their business, respondents sell and distribute said merchandise in commerce by causing said merchandise to be shipped to and from their warehouses, and from the places of business of their various suppliers, located in the several States of the United States, to said department stores for purchase at retail by the general public, located in States other than the States from which such shipments originate.

All of the aforesaid acts and practices have been engaged in, in the course and conduct of respondents' business, and all such acts and practices have a close and substantial relationship to the interstate flow of respondents' business. There is now, and has been, at all times mentioned herein, a substantial and continuous

course of trade in said merchandise in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 5. In the course and conduct of their business, and for the purpose of inducing the sale of said merchandise it has been, and is now, respondents' policy to use in their advertising comparative pricing claims, price reduction claims, comparable value claims, savings claims, and list price claims wherein a lower offering or selling price appears accompanied by a higher or comparative price representation such as, for example, "COMP. VALUE," "REG.," "REGULAR PRICE," "SAVE," or "LIST." Said lower and higher comparative price representations are established at the said main offices of the respondents and are now, and have been, distributed by said main offices to said department stores and to purchasers and potential purchasers by direct mail advertisements and advertisements inserted in newspapers.

Among and typical of the statements contained in respondents' newspaper advertisements, newspaper supplements and brochures mailed directly to purchasers and potential purchasers announcing said comparative pricing policy, but not all inclusive thereof, are the following:

TWO GUYS JANUARY CLEARANCE
SAVE AN EXTRA 28% TO 66% OFF OUR REGULAR LOW
DISCOUNT PRICES

1. Keystone Dual 8 Movie Projector
Reg. 64.85
\$59.99
2. Ansco Vision 388 Dual Movie Projector
Reg. 59.85
Val. 74.95
\$54.85
3. Men's Short Sleeve Permanent Press Dress Shirts
3 for \$5
Comp. Value 2.50 ea.
4. Men's Suburban Coat
Comp. Value 29.95
Reg. Price 24.88
Save \$17.66
5. DeLuxe Winterking or Superlux Tires
Size 650/700 x 13
Reg. 2 for 36.94
2 for 24.00
6. Premium Winterlux or Superlux Tires
Size 760/845 x 15
Reg. Price 1st Tire 28.47

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- Price at 50% off 2nd Tire 14.24
 Sale Price 2 Tires 42.71
7. Transogram's Pretzel Jetzel
 Reg. 6.79
 Save 2.82
 3.97
8. Transogram's Pretzel Jetzel
 Reg. 6.79
 Sale 2.97
 Save 56%
9. Vornado 24 Month Automobile Battery
 Comp. Val. 14.95
 9.77 exch.
10. Vornado Standard Battery
 Reg. Price 16.88 ea. exch.
 9.88 ea. exch.
11. Harrison Multiple Vitamins
 Regular 2.99 ea.
 2 for 2.99
12. Weller Electric Soldering Gun Kit
 LIST 9.95
 4.75

PAR. 6. Through the use of the aforesaid statements and representations and other similar thereto, but not specifically set forth, as used variously by respondents in effectuating said comparative pricing policy:

(a) Respondents have represented directly or indirectly, that purchasers of said merchandise realize savings to the amounts or percentages claimed as reductions from respondents regular prices.

(b) Respondents have represented, directly or indirectly, that said higher price amounts accompanied by the words "REG.," "REGULAR," or "REGULAR PRICE" are the prices at which such articles of merchandise were sold or offered for sale in good faith for a reasonably substantial period of time by respondents in the recent regular course of their business;

(c) Respondents have represented, directly or indirectly, that said higher price amounts accompanied by the words "VAL." or "VALUE" are not appreciably in excess of the highest price at which substantial sales of such merchandise have been made in the recent regular course of business in the trade area where such representations appeared;

(d) Respondents have represented, directly or indirectly, that said higher price amounts accompanied by the term "LIST" are not appreciably in excess of the highest price at which such mer-

chandise has been regularly offered for sale in the recent regular course of business by a substantial number of the principal retail outlets in the trade area where such representations appeared;

(e) Respondents have represented, directly or indirectly, that said higher price amounts accompanied by the term "Comp. Value," or words of similar report, are not appreciably in excess of the highest price at which merchandise of like grade and quality has been regularly offered for sale in the recent course of business by a substantial number of the principal retail outlets in the trade where such representations appeared;

PAR. 7. In truth and in fact:

(a) The amounts and percentages claimed as deductions from respondents regular prices do not represent reductions from the prices at which said merchandise was sold or offered for sale in good faith for a reasonably substantial period of time in the recent regular course of their business;

(b) The higher price amounts accompanied by the words "REG.," "REGULAR," or "REGULAR PRICE" are not the prices at which such articles of merchandise were sold or offered for sale in good faith for a reasonably substantial period of time by respondents in the recent regular course of their business;

(c) The higher price amounts accompanied by the words "VAL." or "VALUE" are appreciably in excess of the highest price at which substantial sales of such merchandise have been made in the recent regular course of business in the trade area where such representations appeared;

(d) The higher price amounts accompanied by the word "LIST" are appreciably in excess of the highest price at which such merchandise has been regularly offered for sale in the recent regular course of business by a substantial number of the principal retail outlets in the trade area where such representations appeared;

(e) The higher price amounts accompanied by the words "Comp. Value," or words of similar import are appreciably in excess of the highest price at which merchandise of like grade and quality has been regularly offered for sale in the recent course of business by a substantial number of the principal retail outlets in the trade area where such representations appeared;

Said statements and representations were, therefore, false, misleading and deceptive.

PAR. 8. In the further course and conduct of their business, and for the purpose of inducing the sale of said merchandise it has

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been, and is now, respondents' policy to use in their advertising guarantee claims wherein merchandise is advertised as having a guarantee for a stated period of time. Said guarantee claims are established at the said main offices of the respondents and are now, and have been, distributed by said main offices to said department stores and to purchasers and potential purchasers by direct mail advertisements and advertisements inserted in newspapers.

Among and typical of the statements contained in respondents' newspaper advertisements, newspaper supplements and brochures mailed directly to purchasers and potential purchasers announcing said guarantee claims, but not all inclusive thereof, are the following:

(a) In the tire department;

1. 4 Ply Nylon Tubeless Safetylux Tires 24 Mo. Guarantee+
2. 4 Ply Nylon Tubeless Superlux Tires 30 Mo. Guarantee+
3. 4 Ply Nylon Tubeless Premium Superlux Tires 40 Mo. Guarantee+.

In the same advertisements in which the aforementioned claims are made, the following appears as a separate statement:

5 WAY GUARANTEE

1. 30-day free replacement.
2. Lifetime Quality guarantee.
3. Lifetime Road Hazard guarantee.
4. Wear-Out guarantee.
5. Nationwide guarantee.

PAR. 9. Through the use of the aforesaid statements and representations and others similar thereto, but not specifically set forth, as used variously by respondents in effectuating said guarantee policy:

(a) Respondents have represented, directly or indirectly, that purchasers of said merchandise, for the period of the guarantee, receive the following protection:

1. 30-day free replacement;
2. Lifetime Quality guarantee;
3. Lifetime Road Hazard guarantee;
4. Wear-Out guarantee; and,
5. Nationwide guarantee.

PAR. 10. In truth and in fact:

(a) The guarantee representations are limited as follows and the limitations are not disclosed until a purchase is made:

The 30-day free replacement of a tire covers cuts, bruises, fabric ruptures, blowouts and rim cuts or separations resulting from usual wear and tear in road use under normal conditions only when the tire is used in FAMILY PASSENGER SERVICE.

2. The Lifetime Quality guarantee relates to tread lifetime and purports to guarantee against defects in workmanship and materials. However, respondents retain the right to repair or replace the tire at respondents' option. If a replacement is made, the purchaser is charged for the amount of tread used.

3. The Lifetime Road Hazard guarantee is limited in that repairable punctures or any other condition which respondents feel do not render the tire unserviceable are excluded from guarantee coverage.

4. The Wear-Out guarantee provides that if a tire tread wears out in less than the period specified when said tire is purchased then an allowance will be granted toward the purchase of a new tire. The customer is required to pay any State, federal or local taxes in effect at the time of purchase of said new tire.

5. The Nationwide guarantee does not furnish complete protection to a purchaser since the listing of service centers which honor the guarantee show that such centers exist in approximately twenty-nine (29) States of the United States.

Said statements and representations were, therefore, false, misleading and deceptive.

PAR. 11. In the course and conduct of their business, and at all times mentioned herein, respondents have been in substantial competition in commerce, with corporations, firms and individuals engaged in the sale of merchandise of the same general kind and nature as sold by respondents.

PAR. 12. The use by the respondents of the aforesaid false, misleading and deceptive statements, representations 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 such statements were and are true and into the purchase of substantial quantities of respondents' said merchandise by reason of said erroneous and mistaken belief.

PAR. 13. The aforesaid acts and practices of the respondents were and 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.

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The Federal Trade Commission having initiated an investiga-

tion 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 in 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 Vornado, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 174 Passaic Street, city of Garfield, State of New Jersey.

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, Vornado, Inc., a corporation, and its officers, and its subsidiaries and their officers, 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 clothing, cameras, vitamins, toys, tires, automobile batteries, hardware or any

other merchandise in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using the words "Regular" or "Reg." or words of similar import to refer to any amount which is in excess of the price at which such merchandise has been sold or offered for sale in good faith by respondents for a reasonably substantial period of time in the recent regular course of their business; or otherwise misrepresenting the price at which such merchandise has been sold or offered for sale by respondents.

2. Using the words "Value" or "Val" or words of similar import to refer to any amount which is appreciably in excess of the highest amount at which substantial sales of such merchandise had been made in the recent regular course of business in the trade area where such representations are made; or otherwise misrepresenting the price at which such merchandise has been sold in the trade area where such representations are made.

3. Using the words "COMPARABLE VALUE," "COMP. VALUE" or any word, or words, of similar import, unless substantial sales of merchandise of like grade and quality are being made in the trade area at the compared price or a higher price and unless respondents have in good faith conducted a market survey or obtained a similar representative sample of prices in their trade area which establishes the validity of said compared price and it is clearly and conspicuously disclosed that the comparison is with merchandise of like grade and quality.

4. Using the words "MFG. LIST," "LIST" or "LIST PRICE" or any word or words of similar import, unless the merchandise so described is regularly offered for sale at this or a higher price by a substantial number of the principal retail outlets in the trade area, where the representations are made: *Provided, however*, That this order shall not apply to point-of-sale offering and display of merchandise which is preticketed by the manufacturer or distributor thereof and the obliteration or removal of which preticketed price is impossible or impractical: *And further provided*, That such preticketing is performed by the manufacturer or distributor on merchandise sold to all customers and that the same preticketed price is used on identical products sold to all customers.

5. Representing in advertising that any price is a "REDUCED" or "SALE" price unless the amount of the reduction is

not so insignificant as to be meaningless; or otherwise misrepresenting in advertising that any price is a "SALE" price.

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

7. Failing to maintain adequate records which disclose the facts upon which representations as to former prices, comparative prices, and the usual and customary retail prices of merchandise, and as to savings afforded to purchasers, and similar representations of the type dealt with in paragraphs 1 through 6 inclusive of this order, are based, and from which the validity of any such claim can be established.

8. Representing directly or by implication that any merchandise sold or offered for sale is guaranteed, unless the nature and extent of the guarantee, the name of the guarantor and the manner in which the guarantor will perform thereunder are clearly and conspicuously disclosed.

It is further ordered, That respondent notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondents, such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporations which may affect compliance obligations arising out of this order.

It is further ordered, That the acts and practices of respondent Vornado, Inc.'s, subsidiaries, unnamed herein, will be held subject to the terms and provisions of this order just as if the respondent Vornado, Inc.'s, said unnamed subsidiaries were individually named herein.

It is further ordered, That respondents distribute a copy of this order to all operating divisions of said corporations and also distribute a copy of this order to all personnel concerned with the promotion, sale or distribution of merchandise at the retail level.

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.

IN THE MATTER OF

KRR, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT*Docket C-1645. Complaint, Dec. 8, 1969—Decision, Dec. 8, 1969*

Consent order requiring a Toledo, Ohio, seller of meat products to cease using bait advertising, making deceptive guarantees, misrepresenting the grade and quality of its meat, and furnishing others with means to deceive 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 KRR, Inc., a corporation, and William Richards, Jr., 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. Respondent KRR, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Ohio, with its principal office and place of business located at 1928 Sylvania Avenue, Toledo, Ohio.

Respondent William Richards, Jr., is an officer of the corporate respondent. Said individual respondent formulates, directs and controls the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. His business address is 1549 Western Avenue, Toledo, Ohio.

PAR. 2. Respondents, for some time last past, have been engaged in the advertising, offering for sale, sale and distribution of meat and meat products, to members of the purchasing public. Said meat and meat products come within the classification of food, as "food" is defined in the Federal Trade Commission Act.

PAR. 3. In the course and conduct of their business and at all times mentioned herein, respondents have disseminated advertising by various means in commerce, as "commerce" is defined in the Federal Trade Commission Act, including advertising mate-

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