

business located in Pennsylvania and New Jersey to cease using bait tactics, failing to quote terms on houses illustrated in brochures, implying

that unfinished houses are complete, failing to include all items in quoted prices, using deceptive guarantees, and misrepresenting that certain extras are cost free.

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 Best Homes, a partnership, and Best Builders of Pennsylvania, Inc., Classic Builders of Pennsylvania, Inc., Classic Homes, Inc., Best Quality Homes of New Jersey, Inc., Classic Builders of New Jersey, Inc., corporations, and Edward B. Meyers and Irvin Robbins, individually and as copartners trading and doing business as Best Homes and as officers of said corporations, 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 Best Homes is a partnership comprised of the individuals whose names are hereinafter set forth. The principal office and place of business of said partnership is located at Route #202, in the town of Center Square, State of Pennsylvania.

Best Builders of Pennsylvania, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Pennsylvania, with its principal office and place of business located at the above stated address.

Classic Builders of Pennsylvania, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Pennsylvania, with its principal office and place of business located at the above stated address.

Classic Homes, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Pennsylvania, with its principal office and place of business located at the above stated address.

Best Quality Homes of New Jersey, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New Jersey, with its principal office and place of business located at 153 Market Street, in the city of Paterson, State of New Jersey.

Classic Builders of New Jersey, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New Jersey, with its principal office and place of business

located at 153 Market Street, in the city of Paterson, State of New Jersey.

Respondents Edward B. Meyers and Irvin Robbins are individuals and copartners trading and doing business as Best Homes and are officers of the corporate respondents. They formulate, direct and control the acts and practices of said partnership and each of the corporate respondents, including the acts and practices hereinafter set forth. Their address is at Route #202 in the town of Center Square, State of Pennsylvania.

The aforementioned respondents cooperate and act together in carrying out the acts and practices hereinafter set forth.

PAR. 2. Respondents are now and for some time last past have been engaged in the advertising, offering for sale, sale and construction of custom-built residential houses to the public.

PAR. 3. In the course and conduct of their business, respondents now cause, and for some time last past have caused, their said products, when sold, to be shipped from their places of business in the States of Pennsylvania and New Jersey to purchasers thereof located in various other States of the United States, other than the State of origination, 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 their products, respondents have made numerous statements and representations in newspaper and magazine advertisements and in the oral sales presentations made by their representatives, agents or employees with respect to the nature of their offer, the terms and conditions of sale, financing requirements, degree of completion and other characteristics of their products.

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

You'll never believe how its possible for BEST HOMES to give you a fabulous custom-built home like this, 100% complete and ready to move into, for as little as \$64 a month until you see for yourself. So See! Send for the FREE full-color Best Homes catalog of plans, illustrations, and price list or call collect CHestnut Hill 7-7310 (PICTURE OF BRANDYWINE 50' MODEL)

. . . and Visit this home, fully furnished, at our sample location on Route 202, in Gwynedd, Pennsylvania, 7 miles north of Norristown.

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BEST HOMES and FRIGIDAIRE have teamed up to bring this great new home value to LOT OWNERS

(PICTURE OF AMERICANA
MODEL)

As Low As
\$69 per month

The Americana Completely
Finished
ALL-BRICK RANCHER
ALL-Brick Maintenance-Free
Construction
3 Bedroom—Beautiful Ceramic
Tile Bath
with Vanette—Full Basement—
Steel Beams—Cement Block
Foundation—custom-built
complete on your lot—just
move in!

FREE FRIGIDAIRE
Limited Offer APPLIANCES
Included at No Extra Cost

(Picture of range)
(and oven)

(Picture of)
(Refrigerator)

(Picture of)
(Garbage)
(Disposal)

(Picture of) (Picture of)
(Dishwasher) (Washer and)
(Dryer)

NO MONEY DOWN 25-year open end mortgage

LOT OWNERS!!

Complete Custom-Built Home On Your Lot

COMPLETE—ALL You Do Is Move In—COMPLETE
(Picture of the AMERICANA Model)

ALL BRICK RANCHER

As Low As
\$69 per month

* All Brick Maintenance—Free
Construction
*3 Bedrooms—Ceramic Tile Bath with
Vanette
*Full Basement—Cement Block
Foundation—Steel Beams

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NO MONEY DOWN

LOT OWNERS

Complete Custom-Built Home On Your Lot
 COMPLETE—ALL You Do Is MOVE IN—COMPLETE

(Picture of Valley Forge Model)

As Low As
 \$69 per month

*Stone Front *4 Large Bedrooms
 *2½ Ceramic Tile Baths *Panelled
 Den *Garage *Hot Water Baseboard Heat
 *Full Basement *Cement Block
 Foundation *Steel Beams.

NO MONEY DOWN

Best Homes fully guarantee your home
 for one year. . . .

PAR. 5. By and through the use of the aforesaid pictures, statements and representations, and others of similar import and meaning, but not specifically set out herein, separately and in connection with oral statements and representations by their representatives, agents and employees to customers and prospective customers, respondents represent and have represented, directly or by implication, that:

1. The offer set forth in such advertisements is a genuine and bona fide offer to sell houses of the kind illustrated and described on the terms and conditions therein stated.

2. Houses of the kind illustrated and described are offered for sale on monthly terms as low as \$69 and \$64.

3. A complete, custom-built house of the kind illustrated and described is offered for sale on the terms and conditions stated.

4. Respondents' houses are unconditionally guaranteed for a period of one year.

5. Respondents offer a house of the kind illustrated and described and respondents' other houses with free appliances at no extra cost.

PAR. 6. In truth and in fact:

1. Said offer set forth is not a genuine or bona fide offer to sell houses of the kind illustrated and described in said advertisements on the terms and conditions stated.

Said offer was made for the purpose of obtaining leads as to persons interested in the purchase of respondents' products. After obtaining such leads, respondents' representatives call upon such prospective purchasers or negotiate with such purchasers in the offices

or places of business of respondents and at such times and places make no effort to sell the houses on the terms and conditions stated but induce such purchasers to purchase their houses under terms and conditions different from the stated terms and conditions.

2. Houses of the kind illustrated and described are not offered for sale on monthly terms as low as \$69 and \$64. The monthly payments for the pictured houses would be substantially higher.

3. A complete, custom-built house of the kind illustrated and described is not offered for sale on the terms and conditions stated. The illustrated and described house which is offered for sale does not include all of the various items normally included in a complete home, such as interior painting, drive ways, front walks and landscaping. Such items are obtained only at extra cost to the purchaser.

4. Respondents' houses are not unconditionally guaranteed for a period of one year. Such guarantee is subject to numerous terms, conditions and limitations and fails to set forth the nature and extent of the guarantee and the manner in which the guarantor will perform thereunder.

5. Respondents do not offer a house of the kind illustrated and described and respondents' other houses with free appliances at no extra cost. The appliances are not free and are additional items to be obtained at extra cost to the purchaser.

Therefore, the statements and representations as set forth in Paragraphs Four and Five hereof, were and are unfair practices and are false, misleading and deceptive.

PAR. 7. In the conduct of their business, and at all times mentioned herein, respondents have been in substantial competition, in commerce, with corporations, firms and individuals in the sale of products of the same general kind and nature as those sold by the respondents.

PAR. 8. The use by 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 said statements and representations were and are true and into the purchase of substantial quantities of respondents' products by reason of said erroneous and mistaken belief.

PAR. 9. 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 decep-

tive 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. Proposed respondent Best Homes is a partnership comprised of the individuals whose names are hereinafter set forth. The principal office and place of business of said partnership is located at Route #202 in the town of Center Square, State of Pennsylvania.

Proposed respondent Best Builders of Pennsylvania, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Pennsylvania, with its office and principal place of business located at the above stated address.

Proposed respondent Classic Builders of Pennsylvania, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Pennsylvania, with its office and principal place of business located at the above stated address.

Proposed respondent Classic Homes, Inc., is a corporation organized, existing and doing business under and by virtue of the laws

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of the State of Pennsylvania, with its office and principal place of business located at the above stated address.

Proposed respondent Best Quality Homes of New Jersey, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New Jersey, with its office and principal place of business located at 153 Market Street, in the city of Paterson, State of New Jersey.

Proposed respondent Classic Builders of New Jersey, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New Jersey, with its office and principal place of business located at 153 Market Street, in the city of Paterson, State of New Jersey.

Proposed respondents Edward B. Meyers and Irvin Robbins are individuals and copartners trading and doing business as Best Homes and are officers of each of the aforesaid corporations. They formulate, direct and control the policies, acts and practices of said partnership and of said corporations. Their address is Route #202 in the town of Center Square, State of Pennsylvania.

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 Best Homes, a partnership, and Best Builders of Pennsylvania, Inc., Classic Builders of Pennsylvania, Inc., Classic Homes, Inc., Best Quality Homes of New Jersey, Inc., and Classic Builders of New Jersey, Inc., corporations, and their respective officers, and Edward B. Meyers, and Irvin Robbins, individually and as copartners trading and doing business as Best Homes, or under any other trade name or names, and as officers of each of said corporations, 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 or construction of houses, or other structures or 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 houses.
2. Making representations purporting to offer houses for sale when the purpose of the representation is not to sell the offered

house but to obtain leads or prospects for the sale of other houses.

3. Representing, directly or by implication, that any houses are offered for sale when such offer is not a bona fide offer to sell such houses.

4. Representing, directly or by implication, that houses are offered for sale on certain stated terms unless such house may be purchased on the stated terms.

5. Illustrating or describing a higher priced home in conjunction with the terms of a lower priced home.

6. Failing to quote and to disclose in advertising and promotional material the terms for an illustrated or described home with equal size and conspicuousness as the terms quoted for any other home.

7. Representing, directly or by implication, that respondents' houses are complete, or finished to any degree of completeness, unless the house is completed or finished to the extent or degree represented.

8. Quoting prices, terms or conditions in advertising which does not include all of the significant features of the house or other products illustrated or described.

9. Representing, directly or by implication, that any of the respondents' houses or components of its houses are guaranteed unless the nature, extent and duration of the guarantee, the identity of the guarantor and the manner in which the guarantor will perform thereunder are clearly and conspicuously disclosed in immediate conjunction therewith; *Provided, however*, that this paragraph shall not apply to any now-existing copies of brochures which are distributed within one year following the effective date of this order.

10. Representing, directly or by implication, that appliances or other equipment, parts or accessories are free or at no extra cost to purchasers of respondents' products, unless said appliances, equipment, parts or accessories are free or without additional cost.

11. 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.

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12. Failing, after the acceptance of the initial report of compliance, to submit a report to the Commission, once every year during the next three years, describing all complaints respecting unauthorized representations, all complaints received from customers respecting representations by salesmen which are claimed to be deceptive, the acts uncovered by respondents in their investigation thereof and the action taken by respondents with respect to each such complaint.

It is further ordered, That the respondent corporations shall forthwith distribute a copy of this order to each of their 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.

IN THE MATTER OF

JAMES A. POVICH TRADING AS

CAPITOL SEWING MACHINE SALES OF MARYLAND

CONSENT ORDER, ETC.,

IN REGARD TO THE ALLEGED VIOLATION OF

THE FEDERAL TRADE COMMISSION ACT