

GOLDEN PRINCESS CHINCHILLA INC., ET AL.

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

Docket C-1690. Complaint, Feb. 13, 1970—Decision, Feb. 13, 1970

Consent order requiring a Louisville, Kentucky, seller of chinchilla breeding stock to cease making exaggerated earning claims, misrepresenting the quality of its stock, deceptively guaranteeing the fertility of its stock and misrepresenting its services to its customers.

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 Golden Princess Chinchilla Inc., a corporation and Ray Jones and William E. Mosley, 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. Respondent Golden Princess Chinchilla Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Kentucky, with its principal office

and place of business located at 4650 Melton Avenue, Louisville, Kentucky.

Respondents, Ray Jones and William E. Mosley are individuals and officers of Golden Princess Chinchilla Inc. They formulate, direct and control the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. Mr. Jones' address is the same as that of the corporate respondent and Mr. Mosley's address is 7301 Grade Lane, Louisville, Kentucky.

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 Kentucky 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 chinchillas 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 chinchillas, the respondents make numerous statements and representations by means of radio broadcasts, advertising in newspapers and magazines, direct mail advertising, and through oral statements and display of promotional material to prospective purchasers by their salesmen with respect to the breeding of chinchillas for profit without previous experience, the rate of reproduction of said animals, the expected return from the sale of their pelts and the training and assistance to be made available to purchasers of respondents' chinchillas.

Typical and illustrative, but not all inclusive of the statements and representations made on respondents' radio programs, in newspaper and magazine advertisements and in promotional material, are the following:

Raise chinchillas for Profit!

Can you qualify for: Fun and Profit for the whole family?

Clean and odorless.

Perhaps you can qualify. Use this handy check list to see if you could be a chinchilla rancher.

() Do you love animals?

() Do you have a basement, outbuilding or a spare room?

() Do you have spare time you would like to turn into profitable time?

Chinchilla ranching. . . . a profitable past time that can explode into a five figure income.

Thorough training program.

Professional assistance.

Replacement Warranties.

Successful chinchilla ranching can be started in basements, spare rooms, closed-in porches and outbuildings with modifications. Since the chinchilla is odorless and practically noiseless, since his thick coat repels all parasites, housing is usually not a major problem.

Facts: The layman often labors under the false impression that chinchillas are delicate, difficult to care for, disease carrying rodents. He is right in only one instance—the chinchilla is a rodent. However, this is where the truth and fiction separate. Conversely, the chinchilla is a healthy, hardy, disease-free animal that needs only NUTRITION to BUILD its immunity against disease.

The gestation period is 111 days. A female chinchilla will produce from 1 to 3 babies per litter. The mother is receptive to breeding the day she litters and is capable of continuous breeding up to 10 years.

Golden Princess qualifies in all of the categories that make ranching a success.

A. Quality stock.

B. Experiences consultants. * * *

E. Marketing agreements to insure your success.

Guarantee

* * * * *

D. Golden Princess Chinchillas cage and feed to be of the highest quality available.

E. That with a Golden Princess Chinchilla's herd you can establish a profitable business in the raising of chinchillas.

Is schooling or experience necessary to qualify as a Golden Princess rancher? Our Golden Princess Chinchilla Rancher consultant personally guides each new rancher through the proven methods of chinchilla ranching. However, it is imperative that you must like animals to qualify.

People with insight to invest now . . . will reap the profit harvest of tomorrow. The chinchilla market cannot expand as quickly as the consumer demands.

Mutation chinchilla pelts are the most valuable furs in the world and are being demanded by exquisite fashion designers from Los Angeles to New York and Paris. . . . With professional help of Golden Princess Chinchilla Ranches you may begin chinchilla ranching in your spare time in a space no larger than the average household clothes closet. . . . Chinchillas have no odor and cost less than a penny a day to feed.

PAR. 5. By and through the use of the aforesaid 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 made by their salesmen and representatives to prospective purchasers and purchasers, respondents represent, and have represented, directly or by implication, that:

1. It is commercially feasible to breed and raise chinchillas from

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breeding stock purchased from respondents in homes, basements, closed-in porches or outbuildings.

2. The breeding of chinchillas from the breeding stock purchased from respondents is a commercially profitable enterprise and requires no previous experience in the breeding, caring for and raising of such animals.

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

4. Purchasers of respondents breeding stock receive top quality or "Empress Certified" quality chinchillas.

5. Each female chinchilla purchased from respondents and each female offspring will produce at least 3.8 live offspring per year.

6. Each female chinchilla purchased from respondents and each female offspring will produce successive litters of from one to five offspring at 111-day intervals.

7. The offspring of standard chinchillas purchased from respondents will produce pelts selling for from \$20 to \$70.

8. Beige females will sell for \$1,500 and beige males will sell for \$300.

9. Purchasers of respondents' chinchillas will in five to six years realize an annual income of from \$9,680 to \$20,000.

10. Chinchilla breeding stock purchased from respondents is warranted or guaranteed for unconditional replacement.

11. Purchasers of respondents' breeding stock receive periodic service calls from respondents' service personnel.

12. Purchasers of respondents' breeding stock can expect a great demand for the pelts of the offspring of chinchillas purchased.

13. Chinchillas are odorless.

14. 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.

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 or outbuildings 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, caring for and raising 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. Purchasers of breeding stock sold by respondents do not receive top quality or "Empress Certified" quality chinchillas.

5. Each female chinchilla purchased from respondents and each female offspring will not produce at least 3.8 live offspring per year, but generally less than that number.

6. Each female chinchilla purchased from respondents and each female offspring will not produce successive litters of from one to five offspring at 111-day intervals but generally less than that number.

7. The offspring referred to in subparagraph (6) of Paragraph Five above will not produce pelts which will generally sell for from \$20 to \$70 each since some of the pelts are not marketable at all and others would not sell for as much as \$20 but for substantially less than that amount.

8. Beige females will not generally sell for \$1,500 and beige males for \$300.

9. Purchasers of respondents' chinchillas will not in five or six years realize an annual income of from \$9,680 to \$20,000.

10. Chinchilla breeding stock purchased from respondents are not unconditionally replaced but such warranty or guarantee is subject to numerous limitations and conditions.

11. Purchasers of respondents' breeding stock seldom receive service calls from respondents' service personnel.

12. Purchasers of respondents' breeding stock cannot expect a great demand for the offspring of and pelts from respondents' chinchillas.

13. Chinchillas are not odorless.

14. The assistance or advice furnished to purchasers of respondents' chinchilla breeding stock by respondents will not enable purchasers to successfully breed or raise chinchillas as a commercially profitable enterprise.

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, and 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 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' 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 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 Golden Princess Chinchilla Inc., is a corporation organized, existing and doing business under and by virtue of the

laws of the State of Kentucky, with its office and principal place of business located at 4650 Melton Avenue, Louisville, Kentucky.

Respondents Ray Jones and William E. Mosley are officers of said corporation. Mr. Jones' address is the same as that of the corporate respondent and Mr. Mosley's address is 7301 Grade Lane, Louisville, Kentucky.

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 Golden Princess Chinchilla Inc., a corporation, and its officers, and Ray Jones and William E. Mosley, 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 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 or outbuildings, 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, caring for and raising 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 or "Empress Certified" quality chinchillas.

5. Each female chinchilla purchased from respondents and each female offspring will produce at least 3.8 live offspring per year.

6. The number of live offspring produced per female chinchilla is any number or range of numbers; or represent-

ing, 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. Each female chinchilla purchased from respondents and each female offspring will produce successive litters of one to five live offspring at 111-day intervals.

8. The number of litters or sizes thereof produced per female is any number or range thereof; or representing, in any manner, the past number or range of numbers of litters or sizes 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 litters or sizes thereof produced per female chinchilla of these purchasers under circumstances similar to those of the purchaser to whom the representation is made.

9. Pelts from the offspring of respondents' chinchilla breeding stock will sell for from \$20 to \$70 each.

10. Chinchilla pelts 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 pelts 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. Beige females and beige males produced by respondents' breeding stock will sell for \$1,500 and \$300 respectively.

12. A purchaser of respondents' breeding stock will in five to six years have a yearly income of from \$9,680 to \$20,000.

13. Purchasers of respondents' breeding stock will realize 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.

14. Breeding stock purchased from respondents is guaranteed or warranted without clearly and conspicuously disclosing, in immediate conjunction therewith, the nature and extent of the guarantee, the manner in which the guarantor will perform thereunder and the identity of the guarantor.

15. Purchasers of respondents' chinchilla breeding stock will receive periodic service calls from respondent's service personnel after purchase of the animals unless purchasers do, in fact, receive the represented service calls at the represented intervals or frequency.

16. 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.

17. Chinchillas are odorless.

18. 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.

B. 1. Misrepresenting, in any manner, the assistance, training, services or advice supplied by respondents to purchasers of their chinchilla breeding stock.

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

C. Failing to deliver a copy of this order to cease and desist to all present and future salesmen and other persons engaged in the sale of the respondents' product 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 respondents notify the Commission at

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least 30 days prior to any proposed change in the corporate respondent 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 corporation which may affect compliance obligations arising out of the 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.
