

IN THE MATTER OF
LIFE ELECTRONICS CORPORATION INC., TRADING AS
LITE ELECTRONICS, INC., ETC.

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

Docket C-1566. Complaint, July 28, 1969—Decision, Sept. 1, 1970

Order modifying an earlier consent order dated July 28, 1969, 76 F.T.C. 160, by adding a paragraph thereto which forbids respondent from failing to maintain adequate records upon which its prices and savings to customers are based.

ORDER MODIFYING ORDER TO CEASE AND DESIST

The Commission on July 28, 1969 [76 F.T.C. 160], having issued its order in this matter requiring respondents, in connection with the offering for sale, and sale and distribution of merchandise, in commerce, to cease and desist from:

1. Representing, directly or by implication, that respondents' merchandise or appliances repaired by respondents are guaranteed, unless the nature, conditions and extent of the guarantee, identity of the guarantor and the manner in which the guarantor will perform thereunder are clearly and conspicuously disclosed

in immediate conjunction therewith, and unless all such guarantees are in fact honored and the terms thereof promptly fulfilled.

2. Representing, directly or by implication, the price of repair service of television sets or of other appliances, unless in conjunction with the advertised price for said service, respondents clearly and conspicuously disclose the nature and scope of the service rendered for the advertised price.

3. Representing, directly or by implication, that respondents can service and repair most television sets or other appliances in the customer's home; or otherwise misrepresenting the extent to which respondents can provide in-home repair service.

4. Representing, directly or by implication, that any rebuilt or reconditioned picture tube is new.

5. Failing to disclose in invoices, warranties and advertising of rebuilt or reconditioned picture tubes that such picture tubes are rebuilt or reconditioned and contain used parts.

6. Using words "Clearance Sale" or any other word or words of similar import and meaning unless the price of such merchandise being offered for sale constitutes a reduction, in an amount not so insignificant to be meaningless, from the actual bona fide price at which such merchandise has been offered or sold by respondents for a reasonably substantial period of time in the recent, regular course of their business and respondents' business records establish the price at which such merchandise has been offered or sold by respondents for a reasonably substantial period of time in the recent, regular course of their business.

7. Using the word "Save" or any other word or words of similar import and meaning in conjunction with a stated percentage amount of savings, unless the stated percentage amount of savings actually represents the difference between the offering price and the actual bona fide price at which such merchandise has been sold or offered for sale on a regular basis to the public by respondents for a reasonably substantial period of time in the recent, regular course of their business.

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

9. Failing to provide repair service within the period of time respondents inform customers that said service will be completed, unless respondents obtain from such customers a signed state-

ment permitting completion of the repair service beyond the time period originally specified by respondents: *Provided, however,* If customers do not agree to delay in completion of service, respondents will promptly return articles left for repair to customers without cost and in the same condition such articles were left for repair with respondents.

10. Failing to honor guarantees within thirty (30) days after respondents receive a request for service under said guarantees, unless respondents obtain a signed statement from customers permitting respondents to comply with the provisions of the guarantees beyond the aforesaid time period:

Provided, however, If respondents do not obtain such agreements from customers, respondents will:

A. Refund all monies received in the purchase of items of merchandise under guarantees; or

B. Refund all monies received for repairs of appliances under guarantees; or

C. In instances when respondents have not received monies under the situations described in Subparagraphs A and B hereof, respondents will return all appliances received for repair under guarantees in the same condition the appliances were in when left for repair with respondents.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

And the Commission on June 8, 1970, having issued its order to show cause why this proceeding should not be reopened and its order of July 28, 1969, modified by the addition of a new paragraph numbered 11 which will read:

11. 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 6, 7, and 8 of this order, are based, and from which the validity of any such claim can be established.

Respondents not having filed an answer in which the order to show cause is opposed; and more than thirty days having expired since service of the order to show cause upon the respondents; and

The Commission being of the opinion that the public interest will be served best by modifying its order of July 28, 1969:

It is ordered, That this proceeding be, and it hereby is reopened.

It is further ordered, That the Commission's order of July 28, 1969 [76 F.T.C. 160], be and it hereby is, modified by adding thereto as Paragraph 11 the following:

Modifying Order

77 F.T.C.

11. 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 6, 7, and 8 of this order, are based, and from which the validity of any such claim can be established.