

Complaint

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IN THE MATTER OF

AMBASSADOR INTERNATIONAL, INC.,
DOING BUSINESS AS AMBASSADOR LEATHER GOODS, ET AL.

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

Docket C-1795. Complaint, Sept. 23, 1970—Decision, Sept. 23, 1970

Consent order requiring a Scottsdale, Arizona, mail-order distributor of various leather and nonleather products to cease advertising nonleather products as made of leather and failing to disclose the nature and extent of its guarantees.

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 Ambassador International, Inc., a corporation doing business as Ambassador Leather Goods, and Morris Holiff, also known as Murray Hall, and Joyce Holiff, also known as Joyce Hall, individually and as officers of said corporation, hereinafter referred to as respondents, have violated 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 Ambassador International, Inc., doing business as Ambassador Leather Goods, is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Arizona, with its principal office and place of business located at 350 North Hayden Road, in the city of Scottsdale, State of Arizona.

Respondents Morris Holiff, also known as Murray Hall, and Joyce Holiff, also known as Joy Hall, are individuals and are officers of the corporate respondent. They formulate, direct, and control the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. Their address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale, sale and mail order distribution of various leather and non-leather products, including but not limited to wallets, purses and handbags, to the public.

PAR. 3. In the course and conduct of their business as aforesaid, respondents now cause, and for some time last past have caused,

their said products, when sold, to be shipped from their place of business to purchasers thereof located in various other States of the United States and in the District of Columbia, 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 business, and for the purpose of inducing the sale of their products, the respondents have engaged, and are now engaging, in certain acts and practices, and have made, and are now making certain statements and representations in advertisements, catalogs, and other promotional material, through the use of various media, including the United States mail.

Typical and illustrative of said statements and representations are those in respondents' recent catalogs, in which the trade name "Ambassador Leather Goods" is prominently displayed. These statements and representations, which are not all inclusive, are as follows:

1. Now! the Sterling Tape Caddy . . . The case is of durable, leather grain Black Texon, with white saddle-stitching . . . (depiction on page 76 of the Ambassador Leather Goods catalog mailed in October, 1969, of a product having the appearance of leather).

2. The Americana [handbag] . . . In Black or Espresso Brown Calftone. (Depiction on page 16 of the Ambassador Leather Goods catalog mailed in March, 1969, of a product having the appearance of leather.)

3. Investment Portfolio . . . In handsome Black 24 Kt. gold-tooled covers—Red silk lining. (Composition not disclosed; depiction on page 57 of the Ambassador Leather Goods catalog mailed in October, 1969, of a product having the appearance of leather.)

4. We guarantee your satisfaction . . . You must be satisfied or your money will be refunded instantly . . . (Page 2 of the Ambassador Leather Goods catalog mailed in October, 1969).

PAR. 5. By and through the use of said acts, practices, statements and representations, including their use of the trade name "Ambassador Leather Goods" in connection with their advertisement of non-leather products, as aforesaid, and others of similar import and meaning not expressly set out herein, the respondents have represented, and are now representing, directly or by implication, that:

1. The "Sterling Tape Caddy" is made of leather.

2. The "Americana" is made of leather.

3. The "Investment Portfolio" is made of leather.

4. Their product guarantee is unconditional.

PAR. 6. In truth and in fact:

1. The "Sterling Tape Caddy," and other products represented by the respondents to be made of "texon," are not made of leather.

2. The "Americana," and other products represented by the respondents to be made of "calftone," are not made of leather.

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3. The "Investment Portfolio," and other products made of undisclosed material which simulate or imitate leather or are depicted to simulate or imitate leather, are not made of leather.

4. In the case of certain of respondents' products, respondents' guarantees are not unconditional, but are subject to limitations and conditions which are not revealed in the advertising of said guarantees.

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

PAR. 7. There is a preference on the part of a substantial portion of the purchasing public for wallets, purses, handbags, and other related products made of leather over similar products made of non-leather materials.

PAR. 8. In the course and conduct of their business, and at all times mentioned herein, respondents have been, and are now in substantial competition in commerce with corporations, firms, and individuals engaged in the sale of products of the same general kind and nature as those sold by respondents.

PAR. 9. The use by respondents of the aforesaid false, misleading, and deceptive statements, representations, acts and practices, including the failure to disclose the composition of certain products, 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. 10. 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 Ambassador International, Inc., doing business as Ambassador Leather Goods, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Arizona, with its office and principal place of business located at 350 North Hayden Road, Scottsdale, Arizona.

Respondents Morris Holiff, also known as Murray Hall, and Joyce Holiff, also known as Joy Hall, are officers of said corporation. They formulate, direct and control the policies, acts and practices of said corporation and their business address is the same as that of said corporation.

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 Ambassador International, Inc., a corporation doing business as Ambassador Leather Goods, or under any other trade name or trade names, and its officers, and Morris Holiff, also known as Murray Hall, and Joyce Holiff, also known as Joy Hall, 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 wallets, purses, handbags, or other products, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Failing to clearly and conspicuously disclose in advertising

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or other promotional material that a product made of materials other than leather, which simulates or imitates leather or which is depicted so as to simulate or imitate leather, is not made of leather.

2. Using such leather-connoting terms as "calftone," "leather grain," or any others of similar import or meaning to describe or refer to any non-leather product unless it is clearly and conspicuously stated, in immediate conjunction with the leather-connoting term, that the product is not made of leather.

3. Representing, directly or by implication, that any non-leather product is made of leather.

4. Representing, directly or by implication, that any product is guaranteed unless the nature and extent of the guarantee, the identity of the guarantor, and the manner in which the guarantor will perform thereunder are clearly and conspicuously disclosed.

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 the respondents notify the Commission at 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.

IN THE MATTER OF

BURTON A. DIETCH DOING BUSINESS AS
CARPET SPECIALISTS

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