

Consent order requiring a District Heights, Md., seller and distributor of electronic products and household furnishings to cease using the words "Sale"

Complaint

constitute an actual reduction, using such words in conjunction with non-sale items, using the words "Regular" and "Reg." for any price in excess of prices realized in earlier sales, misrepresenting that purchasers will be afforded savings between present and earlier prices, failing to maintain records adequate to disclose the basis of savings claims, and failing to disclose the nature, conditions 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 Sidlis Sales Corporation, a corporation, and Sidney Liss and Burton Liss, 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. Sidlis Sales Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Maryland, with its principal office and place of business located at 6421 Marlboro Pike, District Heights, Maryland, having moved to the above said location in 1968, from 745 15th Street, N.E., Washington, D.C.

Respondents Sidney Liss and Burton Liss are officers of said corporation. Said respondents are now, and for some time last past have been, individually and in concert, formulating, directing and controlling the acts and practices of the corporate respondent, including the acts and practices set forth herein. They have a business address 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 distribution of a variety of merchandise, including new and used television sets, and new stereos, stereo tape players, eight-track stereo cartridge tapes, and other similar electronic products for car and home use and, to a lesser extent, household furnishings, including furniture and carpeting, to the public at retail.

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 merchandise, when sold, to be shipped from their place of business in the State of Maryland and from their former place of business located in the District of Columbia, to purchasers thereof located in various 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 merchandise in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their business as aforesaid, and for the purpose of inducing the purchase of their merchandise, the respondents have made, and are now making, numerous statements and representations in advertisements inserted in newspapers of general interstate circulation. Typical and illustrative of the foregoing but not all inclusive thereof, are the following:

WE HAVE GUARANTEED TRADE-INS
RECONDITIONED AND GUARANTEED

PAR. 5. By and through the use of the above-quoted statements and representations, and other of similar import and meaning but not expressly set out herein, the respondents have represented, and are now representing, directly or by implication, that their product guarantee is unconditional.

PAR. 6. In truth and in fact, respondents' product guarantees are not unconditional, but are subject to limitations and conditions which are not revealed in the advertising of said guarantees.

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 as aforesaid and for the purpose of inducing the purchase of their merchandise, the respondents have made, and are now making, numerous statements and representations in advertisements inserted in newspapers of general interstate circulation, or by means of radio broadcasts, typical and illustrative of the foregoing, but not all inclusive thereof, are the following:

8-Track Stereo Tapes
Reg. \$6.95; Sale \$4.95
PRE-CHRISTMAS SALE—3 DAYS ONLY.
72" Stereo 12 Speaker System
120 Watts I.P.P.
96" Stereo 16 Speaker System
120 Watts I.P.P. \$429
"Sound Around" Speakers
100 Watts I.P.P. \$199
Built In Eight Track Tape Player
100 Watts I.P.P. \$229
60" Stereo 80 Watts I.P.P.
Walnut Cabinet \$199
2000 Latest Releases 8 Track Tapes
Reg. \$6.96 Our Price \$4.99

PAR. 8. By and through the use of the above-quoted statements and representations, and others of similar import and meaning not expressly set out herein, respondents have represented, and are now representing, directly or by implication, that:

1. The higher prices, accompanied by the words "Regular," "Reg.," or words of similar import or meaning, were the prices at which the advertised merchandise was offered for sale or sold by the respondents in good faith for a reasonably substantial period of time in the recent, regular course of their business. Purchasers of such merchandise would save an amount equal to the difference between respondents' higher selling prices and the corresponding advertised lower selling prices.

2. During the period of the advertised "Sale" or "Pre-Christmas Sale," or words of similar import and meaning, the advertised price of any merchandise represents a reduction from the price at which respondents have made a bona fide offer to sell or have sold said merchandise on a regular basis for a reasonably substantial period of time in the recent, regular course of their business.

3. The represented reduced prices are offered only during the limited period of the sale and such reduced prices will be returned to respondents' pre-sale bona fide offering price or to some other substantially higher amount immediately after completion of the sale.

PAR. 9. In truth and in fact:

1. The higher prices, accompanied by the words "Regular," "Reg.," or words of similar import and meaning, were not the prices at which advertised merchandise was offered for sale or sold by respondents in good faith for a reasonably substantial period of time in the recent, regular course of their business, and purchasers thereof would not save amounts equal to the difference between respondents' higher selling prices and the corresponding advertised lower selling prices.

2. During the period of the advertised "Sale" or "Pre-Christmas Sale," or words of similar import and meaning, the advertised price of any merchandise did not represent a reduction from the price at which respondents have made a bona fide offer to sell or have sold said merchandise on a regular basis for a reasonably substantial period of time in the recent, regular course of their business.

3. The represented reduced prices are not offered for a limited period of time, but are the prices at which respondents sell or offer to sell their merchandise on a regular basis for a reasonably substantial period of time in the recent, regular course of their business.

Therefore, the statements and representations as set forth in Paragraphs Seven and Eight hereof were and are false, misleading and deceptive.

PAR. 10. In the course and conduct of their aforesaid business 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 the aforesaid merchandise sold by the respondents.

PAR. 11. The use by respondents of the aforesaid false, misleading and deceptive statements, representations, acts 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' merchandise by reason of said erroneous and mistaken belief.

PAR. 12. The acts and practices of the respondents as set forth above 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 Washington Area Field Office 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 exe-

cuted 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 Section 2.34(b) of its Rules, the Commission issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Sidlis Sales Corporation is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Maryland with its office and place of business located at 6821 Marlboro Pike, District Heights, Maryland.

Respondents Sidney Liss and Burton Liss are individuals and officers of said corporation. They formulate, direct and control the acts and practices of said corporation, and their address is the same as that of the 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 Sidlis Sales Corporation, a corporation, and its officers, and Sidney Liss and Burton Liss, 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 television sets, radios, stereos, radio-television-stereo combinations, stereo tape players, 8-track cartridge tapes, or other articles of merchandise, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using the words "Sale," or "Pre-Christmas Sale," or any other word or words of similar import or meaning unless the price of such merchandise being offered for sale constitutes a reduction, in an amount not so insignificant as to be meaningless, from the actual bona fide price at which such merchandise was sold or offered for sale to the public on a regular basis by respondents for a reasonably substantial period of time in the recent, regular course of their business.

2. Using the words "Sale," or "Pre-Christmas Sale," or any other word or words of similar import or meaning, in advertising or other promotional material containing non-sale items, without clearly and conspicuously revealing in immediate conjunction with said representations that non-sale items are contained therein, and distinctly identifying said non-sale items.

3. Using the words "Regular," "Reg.," or any other words of similar import or meaning to refer to any price 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 misrepresenting, in any manner, the usual or regular selling price of respondents' merchandise.

4. (a) Representing, in any manner, that by purchasing any of said merchandise, customers are afforded savings amounting to the difference between respondents' stated price and respondents' former price unless such merchandise has been sold or offered for sale in good faith at the former price by respondents for a reasonably substantial period of time in the recent, regular course of their business.

(b) Representing, in any manner, that by purchasing any of said merchandise, customers are afforded savings amounting to the difference between respondents' stated price and a compared price for said merchandise in respondents' trade area unless a substantial number of principal retail outlets in the trade area regularly sell said merchandise at the compared price or some higher price.

(c) Representing, in any manner, that by purchasing any of said merchandise, customers are afforded savings amounting to the difference between respondents' stated price and a compared value price for comparable merchandise, 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 comparative prices and it is clearly and conspicuously disclosed that the comparison is with merchandise of like grade and quality.

5. Misrepresenting, in any manner, the amount of savings available to purchasers or prospective purchasers of respondents' merchandise at retail.

6. Failing to maintain adequate records (a) which disclose the facts upon which any savings claims, including former pricing claims and comparative value claims, and similar representations of the type described in Paragraphs 1-5 of this order are based, and (b) from which the validity of any savings claims, including former pricing claims and comparative value claims, and similar representations of the type described in Paragraphs 1-5 of this order can be determined.

7. Representing, directly or by implication, that any article of merchandise is guaranteed, without clearly and conspicuously disclosing the nature, conditions and extent of the guarantee, the identity of the guarantor, and the manner in which the guarantor will perform thereunder.

It is further ordered, That the respondents shall forthwith distribute a copy of this order to each of their respective operating divisions or departments.

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed changes in the corporate respondent such as dissolution, assignment or sale resulting in the emerging 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 this 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

SHARP ELECTRONICS CORPORATION, ET AL.