

FEDERAL TRADE COMMISSION ACT

*Docket C-1918. Complaint, May 13, 1971—Decision, May 13, 1971*

Consent order requiring New York City, Philadelphia, Pa., and Fort Worth, Texas, corporations engaged in using deceptive and unfair means to sell magazine subscriptions and collect accounts to cease misrepresenting that they are conducting surveys or contests, performing services for the Youth Opportunity Program, failing to reveal that their contacts are to sell maga-

## Complaint

zines, harassing customers by phone and falsely threatening legal action, and failing to give all essential details on their subscription contract; the order also defers the effective date of the subscription contract for 72 hours and gives the customer the right to cancellation within the period; it also forbids respondents to use third-party solicitors unless such third parties agree to be bound by the order.

## 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 Perfect Film & Chemical Corporation, a corporation; Perfect Subscription Company, a corporation; and Keystone Readers' Service, Inc., a 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. Perfect Film & Chemical Corporation (hereinafter referred to as Perfect Film) is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal place of business located at 641 Lexington Avenue in the city of New York, State of New York. Respondent Perfect Film is a diversified corporation with a substantial interest in the publishing, sale and distribution of magazines and periodicals. A substantial portion of Perfect Film's income is derived from the sale and distribution of magazines and periodicals through newsstand and subscription sales. Subscription sales are those in which the subscribers remits the full amount of the subscription price at the outset or in which the subscriber remits the price of the subscription contract at monthly intervals during the first half of the term of the subscription contract. The latter form of subscription sales, hereinafter referred to as "paid-during-service" or "PDS" subscription sales, are solicited by respondent Keystone Readers' Service, Inc. Net sales for Perfect Film for the year 1968 were over 100 million dollars.

Respondent Perfect Subscription Company (hereinafter referred to as Perfect Subscription) is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at Independence Square in the city of Philadelphia, State of Pennsylvania. It is a wholly-owned subsidiary of respondent Perfect Film.

Perfect Subscription is primarily engaged in the business of selling and distributing magazines and periodicals through its various

## Complaint

78 F.T.C.

operating divisions and subsidiaries, such as respondent subsidiary Keystone Readers' Service, Inc. Perfect Subscription's volume of business in the sale and distribution of magazines and periodicals to the general public is substantial.

Respondent Keystone Readers' Service, Inc. (hereinafter referred to as Keystone), is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at the Transamerica Building, Seventh and Main Streets, in the city of Fort Worth, State of Texas. It is a wholly owned subsidiary of respondent Perfect Subscription.

Keystone is engaged in the business of selling and distributing magazines and periodicals to the general public through its franchisees and subfranchisees, sometimes referred to as Regional Franchise Operators (RFOs) and Local Franchise Operators (LFOs). Subscription contracts are sold on an installment basis (PDS) for a large number of publishers through telephone and door-to-door solicitations. Keystone authorizes the use of five trade names under which subscriptions can be solicited and written: Keystone Readers' Service, Ben Franklin Reading Club, Publishers' Associated Service. Sales by Keystone for 1968 were over 24 million dollars.

Keystone is essentially the same corporation formerly wholly-owned by the Curtis Publishing Company. In June of 1968, all of the assets of Keystone were transferred to Perfect Film where for a time it was operated as a division. Subsequently, in November of 1968, Keystone was transferred to Perfect Subscription where it operated as a division until January of 1970. Subsequently, Keystone has operated as a wholly-owned subsidiary of Perfect Subscription.

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

PAR. 2. In the course and conduct of their business of selling and firms who have entered into franchise agreements with Keystone, and through representatives engaged by or through franchisees and subfranchisees, have induced members of the general public to subscribe to various publications.

Respondents, through their said franchises, subfranchises, and representatives engaged by or through said franchisees and subfranchisees, place into operation and, through various direct and indirect means and devices, control, direct and implement sales methods whereby members of the general public are contacted by telephone calls and door-to-door solicitations, and by means of state-

ments, representations, acts and practices as hereinafter set forth, are induced to sign subscription contracts purporting to list publications of the purchasers' choice, a stated subscription period for each, and the terms and conditions for payments by installments for the purchase price.

The executed subscription contracts are thereafter forwarded through various representatives engaged by or for the franchisees and subfranchisees to Keystone business. Respondent Perfect Film, through its subsidiary Perfect Subscription, accepts the revenues flowing from said circulation, sale and distribution of the various publications offered.

In the manner aforesaid, respondent Perfect Film dominates, controls, furnishes the means, instrumentalities, services and facilities for, and condones, approves, and accepts the pecuniary and other benefits flowing from the acts, practices and other benefits hereinafter set forth, of the respondents Perfect Subscription and Keystone, and the respective franchisees, subfranchisees, and their representatives engaged by or through said franchisees, and subfranchisees hereinafter referred to as respondents' representatives.

PAR. 3. In the course and conduct of their subscription sales business, as aforesaid, respondents now cause, and for sometime last past have caused, said publications, when sold, to be shipped by mail from respondents' places of business or sources of supply to purchasers thereof located in various States of the United States other than the state of origination, and have transmitted and received, and caused to be transmitted and received, in the course of selling, delivering, and collecting payment for said publications among and between the several states of the United States, contracts, invoices, checks, collection notices and various other kinds of commercial paper and documents. Respondents maintain, and at all times mentioned herein have maintained, a substantial course of trade in such products 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 members of the general public to sign subscription contracts, respondents and their representatives utilize or display sales promotional materials or other means and instrumentalities furnished, approved or ratified by respondents. In conjunction therewith, respondents and their representatives have made oral statements and representations concerning the terms and conditions of said subscription contracts, their renewal or cancellation, special offers, the nature and purpose of the solicitation, and

## Complaint

78 F.T.C.

the identity of the solicitor. In the foregoing manner, respondents and their representatives have represented, directly or indirectly:

(a) That they are primarily conducting or participating in bona fide surveys, quizzes or contests.

(b) That their offers are being made only to specially selected persons.

(c) That they represent, or are performing services for bona fide non-commercial organizations, or other similar organizations such as Youth Opportunity Program.

(d) That publications or other products will be given free, or for the cost of mailing, handling, editing or printing said publications, or at special or reduced prices.

(e) That subscribers will be allowed to cancel the subscriptions if they should decide to do so.

(f) That a free gift subscription to a publication will be sent to a subscriber's friend or relative.

PAR. 5. In truth and in fact:

(a) Said representatives were not primarily conducting or participating in bona fide surveys, quizzes or contests, but to the contrary, were, and are, engaged in inducing the general public to sign subscription contracts in the manner aforesaid.

(b) Respondents' said offers were not being made only to specially selected persons, but to the contrary, were made to numerous members of the general public through frequent solicitations of broad segments thereof.

(c) Said representatives neither represented nor performed services for bona fide non-commercial organizations, or other similar organizations such as Youth Opportunity Program, but to the contrary, represented or performed services for respondents in the manner aforesaid.

(d) Publications or other products were not given free, nor solely for the cost of mailing, handling, editing or printing of said publications, nor at special or reduced prices. To the contrary, the subscription contracts provided for payment to cover respondents' regular or prevailing subscription contract prices.

(e) On a substantial number of occasions subscribers were not allowed to cancel their subscription contracts or were only allowed to do so after extended delay.

(f) Gift subscriptions to a person designated by the subscriber were not given free, but to the contrary, the cost of said gift subscriptions were included within the price of the subscription contract.

Therefore, the statements and representations as set forth in Paragraph Four hereof were, and are, false, misleading and deceptive.

PAR. 6. In the further course and conduct of their business, and in furtherance of their purpose of inducing the purchase of and payment for said publications by the general public, respondents and their representatives, directly or indirectly, have engaged in the following additional acts and practices:

(a) In a substantial number of instances, they have stated approximate costs of a subscription contract on a weekly basis in conjunction with statements of typical subscription periods as, for example, a cost of "50 cents per week" and a period of 60 months. Respondents and their representatives falsely and deceptively fail to disclose, in connection with such statements, the material fact that their contracts seldom, if ever, provide for weekly installment payments, or for payments spread over 60 months. In truth and in fact, the contracts require monthly installment payments of substantially higher amounts over a substantially shorter period of time than stated during such oral presentations.

(b) In a substantial number of instances they have induced customers to sign a subscription contract by falsely and deceptively representing it to be a preference list, a guarantee, a route slip, or a document of an import or nature other than a subscription contract.

(c) In their efforts to collect what respondents elect to treat as delinquent accounts of customers who have been induced to sign subscription contracts, they have resorted to telephone calls at unreasonable hours and other forms of harassment, by means of which they have unfairly, falsely and deceptively represented, directly or indirectly:

- (1) That the general or public credit rating or standing of any such customer will be adversely affected unless payment is made;
- (2) That the failure of a customer to remit money to respondents will result in the institution of legal action to effect payment; and
- (3) That the failure of a customer to remit money to respondents will result in said customer's account being turned over to a bona fide, independent collection agency for collection.

In truth and in fact, respondents seldom, if ever, take any action, including legal action or referral of said accounts to a bona fide, independent collection agency, which adversely affects the general or public credit rating of such subscribers.

(d) In a substantial number of instances, respondents have substituted publications for those originally contracted for by subscribers without first giving the subscriber an option to choose the substituted magazine or other publication, or to receive a full return with

## Complaint

78 F.T.C.

respect to the pro rata portion of the contract price representing the price of the undelivered issues of that magazine or other publication.

(e) In a substantial number of instances, respondents and their salesmen and solicitors have induced persons to sign subscription contracts without clearly, conspicuously, and adequately designating and disclosing:

- (1) The total cash price,
- (2) The downpayment,
- (3) The unpaid balance of the cash price,
- (4) The number, amount, and due dates or period of payments scheduled to satisfy the payment of the contract.

Therefore, respondents' statements, representations, acts and practices, and their failure to reveal material facts, as set forth herein were, and are, unfair, false, misleading, and deceptive acts and practices.

PAR. 7. In addition to the foregoing statements, representations, acts and practices, respondents have engaged in door-to-door solicitations of magazine subscriptions, either without prior invitations to solicit such sales from prospective purchasers or by using one or more of the deceptive means and methods aforesaid to gain access to prospective purchasers at times and under circumstances when such prospective purchasers were not otherwise considering the purchase of magazine subscriptions, and without either:

- (a) Affirmatively stating and affording such purchasers the right to cancel any resulting subscription contract for a period of not less than 72 hours, or
- (b) By refusing to honor any such right purportedly given either orally or in writing, or thwarting the exercise of any right so given.

The solicitation of subscription sales without permitting cancellation within a reasonable time constitutes an unfair, false, misleading and deceptive practice where such sale involves long term obligations on the part of the subscriber and where it is made under the conditions and circumstances herein alleged.

Therefore, respondents' acts and practices as set forth herein were, and are, unfair, false, misleading and deceptive acts and practices.

PAR. 8. By and through the use of the aforesaid acts and practices, respondents place in the hands of others the means and instrumentalities by and through which they may mislead and deceive the public in the manner and as to the things hereinabove alleged.

PAR. 9. In the course and conduct of their business, and at all times mentioned herein, respondents have been, and now are, in substantial competition, in commerce, with corporations, firms and individ-

uals in the sale of products of the same general kind and nature as that sold by respondents.

PAR. 10. The use by respondents of the aforesaid unfair and false, misleading and deceptive statements, representations and practices, and their failure to disclose material facts, as aforesaid, 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 complete, and into the purchase of substantial quantities of said products by reason of said erroneous and mistaken belief and unfairly into the assumption of debts and obligations and the payment of monies which they might otherwise not have done.

PAR. 11. 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 deceptive acts and practices in commerce in violation of Section 5 of the Federal Trade Commission Act.

#### DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondents named in the caption here of with violation of the Federal Trade Commission Act, and the respondents having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; 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 complaint to issue herein, a statement that the signing of said argument 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 considered the agreement and having accepted same, and the agreement containing consent order having thereupon been placed 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 hereby issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent Perfect Film & Chemical Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 641 Lexington Avenue in the city of New York, State of New York.

Respondent Perfect Subscription Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 841 Chestnut Street, in the city of Philadelphia, State of Pennsylvania.

Proposed respondent Keystone Readers' Service, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at the Transamerica Building, Seventh and Main Streets, in the city of Fort Worth, State of Texas.

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

##### I

*It is ordered*, That respondents Perfect Film & Chemical Corporation, a corporation, Perfect Subscription Company, a corporation, and Keystone Readers' Service, Inc., a corporation, and respondents' officers, representatives, employees, successor or assigns, franchisees, sub-franchisees, salesmen, agents or solicitors, and the men, agents or solicitors engaged by or through respondents' franchisees or sub-franchisees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of magazines or any other publications or merchandise, or subscriptions to purchase any such magazines or services, or in the collection or attempted collection of any delinquent or other subscription contract or other account, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or indirectly, that respondents are primarily conducting or participating in any survey, quiz or contest, or are engaged in any activity other than soliciting business; or misrepresenting, in any manner, the purpose of the call or solicitation.

2. Representing, directly or indirectly that any offer to sell said products or services is being made only to specially selected

persons; or misrepresenting, in any manner, the persons or class of persons afforded the opportunity of purchasing respondents' products or services.

3. Representing, or performing services for Youth Opportunity Program or any similar organization, or any individual or firm other than one engaged in soliciting business; or misrepresenting, in any manner, the identity of the solicitor or of his firm and of the business they are engaged in.

4. Representing, directly or indirectly, that any merchandise or service is free, or is provided as a gift to either the subscriber or a person designated by him, or without cost or that any merchandise or service can be obtained free or as a gift or without cost or charge, in connection with the purchase of, or agreement to purchase any merchandise, or combination of merchandise or service, unless the stated price of the merchandise or service or combination thereof required to be purchased in order to obtain such free merchandise or gift is the same or less than the customary and usual price at which such merchandise or service or combination thereof required to be purchased has been sold separately from such free or gift item, for a substantial period of time in the recent and regular course of business in the trade area in which the representation is made.

5. Representing that any price is a special or reduced price unless it constitutes a significant reduction from an established selling price at which such product or service has been sold in substantial quantities in the recent and regular course of trade; or misrepresenting, in any manner, the savings which will be accorded or made available to purchasers, or that any price for any product or service covers only the cost of mailing, handling, editing, printing, or any other element of cost, or is at or below cost.

6. Refusing or failing upon request to cancel a contract when the representation has been made, either directly or indirectly, that the contract will be cancellable.

7. Failing, clearly, and unqualifiedly to reveal initially at all contacts or solicitations of purchasers or prospective purchasers, whether directly or indirectly, or by telephone, written or printed communication, or person-to-person, that the purpose of such contact or solicitation is to sell publications, products or services, as the case may be, which purpose shall be identified with particularity at the time of each such contact or solicitation.

8. Making any reference or statement concerning "50¢ per week," "60 months," or any other statement as to a sum of money or duration or period of time in connection with a subscription contract or other purchase agreement which does not in fact provide, at the option of the purchaser, for the payment of the stated sum, at the stated interval, and over the stated duration or period of time; or misrepresenting, in any manner, the terms, conditions, method, rate or time of payment actually made available to purchasers or prospective purchasers.

9. Representing, directly or indirectly, that a subscription contract or other purchase agreement is a "preference list," "guarantee," "route slip" or any kind of document other than a contract or agreement; or misrepresenting, in any manner, the nature, kind or legal characteristics of any document.

10. Failing, clearly and unqualifiedly, to reveal orally to each purchase or prospective purchaser before execution, and in writing on each document, the identity, and nature of any document, such as a "contract" they are requested or required to execute in connection with the purchase of any product or service; and orally that the terms of any such document are binding on the parties to the document.

11. Attempting, by the use of telephone calls or any other means, to harass or intimidate customers in order to effect payment of any account.

12. Misrepresenting, directly or indirectly, that in the event of nonpayment or delinquency of any account or alleged debt arising from any subscription contract or purchase agreement, the general or public credit rating or standing of any person may be adversely affected, unless respondents actually do refer information concerning delinquencies to a bona fide credit reporting agency.

13. Failing, clearly and unqualifiedly, to disclose to a debtor or an alleged debtor, on each contact, that the collection agency to which the delinquent account will be referred, or said collection agency which is contacting a debtor or an alleged debtor, is an operating division of the respondents', and is not an independent bona fide collection agency unless in fact said collection agency is an independent, bona fide collection agency.

14. Representing, either directly or indirectly, that legal action may be instituted unless respondents in good faith intend to institute legal action against each delinquent debtor or alleged debtor to whom such representation is made; or misrepresenting,

in any manner, the action or results of any action which may be taken to effect payment of any such account or debt or alleged debt.

15. Contracting for any sale in the form of a subscription contract or other purchase agreement which shall become binding on the purchaser prior to a period of time not less than 72 hours after the date of signing by the purchaser.

16. Failing to disclose orally prior to the time of sale, and in writing on any subscription contract or other agreement with such conspicuousness and clarity as will be likely to be observed and read by such purchaser, that the purchaser may rescind or cancel the sale by directing or mailing a notice of cancellation to residents' address prior to 72 hours after the date of signing by the purchaser.

17. Failing to provide either on the contract or on a separate sheet a clearly understandable form which the purchaser may use as a notice of cancellation.

18. If coupon books are used, failing to include with each coupon book furnished to a subscriber:

(a) A legend, on the cover, stating "check the number of coupons in this book and their amounts against your original subscription contract: (See Page 1)."

(b) A statement, on the first separate inside page, showing the total number of coupons in the book, the dollar amount of each such coupon and the total dollar amount of all such coupons;

(c) The address, on the first separate inside page, of Keystone Readers' Service, Inc., its successors or assigns.

19. Failing to furnish to each subscriber at the time of his signing of the subscription contract a duplicate original of the contract showing the exact number and name of the magazines or other publications to which the purchaser is subscribing, the number of issues for each, and the total price for each magazine and for all such magazines: *Provided, however*, As an alternative, the price for each magazine may be furnished on a separate schedule attached to each of said contracts.

20. Failing to furnish with each coupon book initially provided to each subscriber, a copy of the original sales contract.

21. Substituting, requesting substitution or permitting substitution, except at the request of the customer, at any time during the collection period of the contract, of any magazine or publication for any magazine or publication covered by the contract

## Decision and Order

78 F.T.C.

without first providing the subscriber an option in writing, as stated in the subscription contract, to reduce his future payments by the pro rata portion of the remaining payments due on the cancelled magazine or other publication. *Provided*, That respondents may offer to those subscribers with paid-in-full contracts an option to either lengthen already existing subscriptions or to select from among all of respondents' then currently offered magazines or publications, a magazine or publication as a substitute for the remaining period of the subscription.

22. Failing or refusing to cancel, at the subscriber's request, all or any portion of a subscription contract whenever respondent in good faith finds that any misrepresentation prohibited by this order has been made.

23. Failing to clearly, conspicuously, and adequately designate and disclose both orally, and in writing on the subscription contract, on the same side of the page and above or adjacent to the place for the customer's signature:

- (a) The total cash price,
- (b) The downpayment,
- (c) The unpaid balance of the cash price,
- (d) The amount financed, if any,
- (e) The rate of the finance charge, if any, expressed as the annual percentage rate, and
- (f) The number, amount, and due rates or period of payments scheduled to satisfy the payment of the contract.

24. Furnishing or otherwise placing in the hands of others the means and instrumentalities by and through which the public may be misled or deceived in the manner or by the acts and practices prohibited by this order.

## II

*It is further ordered:*

(a) That respondents herein deliver, or have delivered, a copy of this decision and order, or the contents of this decision and order, to each of their present and future dealers or franchisees, licensees, employees, salesmen, agents, solicitors, independent contractors, or other representatives who sell, promote or distribute the products or services included in this order.

(b) That respondents herein deliver or have delivered to each person so described in Paragraphs (a) above a form clearly stating his intention to be bound by and to conform his business

## Decision and Order

practices to the requirements of this order which shall be forwarded to the respondents.

(c) That respondents inform or have informed all such present and future dealers or franchisees, licensees, employees, salesmen, agents, solicitors, independent contractors, or other representatives who sell, promote or distribute the products or services included in this order that the respondents shall not use any third party, or the services of any third party for the solicitation of magazine subscriptions unless such third party agrees that it will be bound by the provisions contained in this order and the respondents are so informed.

(d) If such party will not so agree and the respondents and the Commission are not so informed then the respondents shall not use such third party or the services of such third party to solicit subscriptions.

(e) That respondents so inform or have informed the persons so engaged that the respondents are obligated by this order to discontinue on their own the deceptive acts or practices prohibited by this order.

(f) That respondents institute a program of continuing surveillance to reveal whether the business operations of each of said persons so engaged conform to the requirements of this order: and

(g) That respondents upon receiving information or knowledge from any source concerning two or more bona fide complaints prohibited by this order against any franchisee, his employees or agents during any one-month period will be responsible for either ending said practices or securing the termination of the franchisee or the employment of the offending employee or agent.

*It is further ordered,* That respondents herein shall notify the Commission at least 30 days prior to any proposed change in any of the corporate respondents such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution which may affect compliance obligations arising out of the order.

*It is further ordered,* That 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.

Complaint

78 F.T.C.

IN THE MATTER OF

TIME INCORPORATED, ET AL.

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

*Docket C-1919. Complaint, May 13, 1971—Decision, May 13, 1971*

Consent order requiring a major New York City magazine publisher and its wholly-owned subsidiary engaged in soliciting magazine subscriptions to cease making various false representations in inducing customers to subscribe to magazines, refusing to cancel a contract on request, failing to reveal all significant details of the subscription contract, harassing customers by phone or otherwise to effect payment of accounts, making sales contracts which are binding before midnight of the third day, and failing to notify purchaser of his right to rescind contract within three days. The order also binds any third party which respondent may engage to solicit subscriptions.

#### 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 Time Incorporated, a corporation, and Family Publications Service, Inc., a 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. Time Incorporated, hereinafter referred to as Time, is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its principal office and place of business located in the Time Life Building, Rockefeller Center, in the city of New York, State of New York.

Family Publications Service, Inc., hereinafter referred to as Family, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at 1212 Avenue of the Americas, in the city of New York, State of New York. It is a wholly-owned subsidiary of respondent Time, and operates some thirty-four branch offices located throughout the United States that are managed by employees of Family. The volume of business of said respondent subsidiary corporation in the sale and distribution of magazines and periodicals to the general public is substantial, averaging in excess of \$25,000,000 annually during the period of 1967 through 1969.