

IN THE MATTER OF
KUSTOM ENTERPRISES, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION, THE TRUTH IN LENDING AND THE TEXTILE
FIBER PRODUCTS IDENTIFICATION ACTS

Docket 8846. Complaint, June 17, 1971—Decision, Jan. 24, 1972

Order requiring two Wheat Ridge, Colo., corporations selling and distributing residential carpeting and carpet padding to cease using telephone calls or free gifts to gain access to the homes of prospective purchasers, misrepresenting that they are the exclusive franchisee of carpet manufacturers or that a prospect's home has been specially selected for a test installation, making deceptive guarantees, failing to disclose that the selling price of carpet is by the square yard, failing to give Notice that any sales contract may be rescinded within three days, and negotiating any note to a finance company prior to midnight of the fifth day. Respondents are also required to make all disclosures required by Regulation Z of the Truth in Lending Act and comply with the misbranding and advertising provisions of the Textile Fiber Products Identification Act.

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Decision and Order

- (a) The total number of prizes to be awarded;
 - (b) The exact nature of the prizes and the number of each;
 - (c) The odds of winning each prize.
2. Failing to award and distribute all prizes of the value and type represented.
 3. Failing to disclose, clearly and conspicuously, in all advertising and promotional material the exact number of prizes which will be available, the exact nature of the prizes, and the odds of winning each such prize.

It is further ordered, That 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 respondents shall, within sixty (60) days after service of the order upon it, file with the Commission a report in writing setting forth in detail the manner and form of its compliance with the order to cease and desist.

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