

*It is ordered*, That the hearing examiner's initial decision as modified be, and it hereby is, adopted as the decision of the Commission.

*It is further ordered*, That the complaint be, and it hereby is, dismissed.

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IN THE MATTER OF  
WORLD ART GROUP, INC., ET AL.

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

*Docket C-2188. Complaint, Apr. 11, 1972—Decision, Apr. 11, 1972.*

Consent order requiring two corporations selling paintings, watches, maps, plates, books and other articles with headquarters in New York City and East Norwalk, Conn., and their advertising agency to cease failing to ship merchandise within 21 days, failing to make refunds in their money-back guarantees, misrepresenting the savings to purchasers of their merchandise, misrepresenting the karat fineness of their gold watches and the efficacy of their insect controls.

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 World Art Group, Inc., a corporation; Standard American Suppliers, Inc., a corporation; Curtis Advertising Company, Inc., a corporation; and Lawrence R. Curtis, individually and as an officer of said corporations 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. Respondent World Art Group, Inc., is a corporation organized, existing and doing business under and by virtue of

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the laws of the State of Connecticut with its principal office and place of business located at 2 First Street, East Norwalk, Connecticut.

Respondents Standard American Suppliers, Inc., and Curtis Advertising Company, Inc., are corporations organized, existing and doing business under and by virtue of the laws of the State of New York with their principal offices and place of business located at 1 Park Avenue, New York, New York.

Individual respondent Lawrence R. Curtis is an officer of said corporations. He formulates, directs and controls the acts and practices of the respondents, and their subsidiaries and affiliates, including the acts and practices hereinafter set forth. His business addresses are the same as those of the corporate respondents and their subsidiaries and affiliates.

Respondents World Art Group, Inc., and Standard American Suppliers, Inc., and their subsidiaries and affiliates are now, and for some time last past have been engaged in the advertising, offering for sale, sale and distribution of paintings, watches, maps, plates, books, and other articles of mail order merchandise.

Respondent Curtis Advertising Company, Inc., and its officer Lawrence R. Curtis are engaged in the preparation and publication of advertising material. They are now and for some time last past have been engaged in formulating, preparing and placing for publication, advertising copy for dissemination in publications of general circulation concerning paintings, watches, maps, plates, books and other products of respondents World Art Group, Inc., and Standard American Suppliers, Inc., and their subsidiaries and affiliates.

PAR. 2. In the course and conduct of their business, respondents and their subsidiaries and affiliates now cause, and for some time last past have caused said merchandise, when sold, to be shipped from their places of business in the States of New York and Connecticut to purchasers thereof located in various other States of the United States or shipped from distributors in the various states to purchasers located in various other states, 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. 3. In the course and conduct of their aforesaid businesses, and at all times mentioned herein, respondents and their subsidiaries and affiliates have been and now are in substantial competition in commerce with corporations, firms and individuals in the

sale of products of the same general kind and nature as those sold by respondents.

In the course and conduct of their aforesaid business and at all times mentioned herein respondents and their subsidiaries and affiliates have been and now are in substantial competition, in commerce, with corporations, firms and individuals engaged in the advertising business.

PAR. 4. In the course and conduct of their respective businesses and for the purpose of inducing the sale of their said merchandise, respondents and their subsidiaries and affiliates have made certain statements and representations in various newspaper and magazine advertisements, direct mail circulars and others and are now making certain statements and representations in said publications with respect to the time in which delivery of merchandise may be expected.

Typical and illustrative of said statements and representations but not all inclusive thereof are the following:

Please rush me \* \* \*

Please rush your order now while the supply lasts

\* \* \* orders will be filled on a first come, first served basis

PAR. 5. By and through the use of the aforesaid statements and representations and others of similar import and meaning but not expressly set forth herein, the respondents and their subsidiaries and affiliates have represented and are now representing directly or by implication, that a purchaser can expect delivery on all merchandise within a reasonable period of time.

PAR. 6. In truth and in fact: Respondents and their subsidiaries and affiliates, on numerous occasions and in a substantial number of instances, either have failed to deliver prepaid merchandise or have delivered prepaid merchandise only after a long lapse of time and/or after several demands thereof have been made to respondents and pleas for assistance have been made to Better Business Bureaus, United States Postal Inspectors' offices, District Attorneys, Chambers of Commerce, Police Departments and to governmental agencies. Such practices have resulted in substantial expense and inconvenience, hardship, outrage and irritation to purchasers.

Therefore, said practices, statements and representations were and are, unfair and misleading and deceptive.

PAR. 7. In the course and conduct of said business and for the purpose of inducing the sale of said merchandise, respondents have made certain statements and representations with respect to refunds,

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by means of advertisements in magazines, brochures, newspapers and through other advertising media.

Typical and illustrative of said statements and representations, but not all inclusive thereof, are the following:

Full money-back guarantee if I am not 100% satisfied  
Satisfaction Guaranteed  
I must be 100% delighted or I may return for refund  
No risk coupon  
10 Day Free Trial  
Money Back Guarantee  
Amazing No-Risk Coupon  
10 Day No-Risk Free Trial

PAR. 8. By and through the use of the aforesaid statements and others similar thereto but not expressly set forth herein, respondents represent, and have represented directly or by implication, that they unconditionally guarantee that the full purchase price of the merchandise will be refunded promptly and voluntarily upon demand by the purchaser and return of the merchandise.

PAR. 9. In truth and in fact:

(1) In numerous instances the purchase price of merchandise is not refunded upon demand of the purchaser, or is refunded only after long delays and after repeated requests to respondents, and/or pleas for assistance to Better Business Bureaus, Chambers of Commerce, United States Postal Inspectors' offices, Police Departments and governmental agencies and following substantial inconvenience, outrage, irritation, expense and hardship to the purchaser.

Therefore, the statements, representations and practices set forth herein in connection with the advertised offering of a prompt refund were, and are, unfair, false, misleading and deceptive.

PAR. 10. In the course and conduct of their business, respondents and their subsidiaries and affiliates have made use of the term "Original" and/or "Antique" in connection with the advertising and offering for sale of several products including products known and described as "Magnificent Antique Beethoven Music Scrolls," "Olde Antique Map Clock" and "Decorative Antique Maps." In order to induce the sale of said products, respondents have shown said music scrolls, clocks and maps in such a manner as to depict and/or create the impression that said products are antique in origin.

PAR. 11. Through the use of aforesaid statements and representations and others similar thereto, but not specifically set forth, as used variously by respondents in said advertisements, respondents have represented that said products are antiques and have historical and cultural significance due either to the date or method of manufacture or preparation which by common usage among dealers, collectors and the general public qualify said items as antiques.

PAR. 12. In truth and in fact said products are not antiques nor do they have historical and cultural significance due either to the date or method of manufacture or preparation which by common usage among dealers, collectors and the general public qualify said terms as antiques.

Therefore, the statements, representations and practices set forth herein were and are, unfair, false, misleading and deceptive.

PAR. 13. In the course and conduct of their business, respondents and their subsidiaries and affiliates have advertised paintings as "Original Oil Paintings." In order to induce the sale of this product, respondents have made certain representations. Among and typical of said representations, but not all inclusive thereof, is the following:

Amazing Offer! Each painting originally \$20, now yours for \$2.95 on special sale!

PAR. 14. Through the use of aforesaid statements and representations and others similar thereto, but not specifically set forth, as used variously by respondents in said advertisements, respondents have represented directly or indirectly that the \$2.95 price is a special sale price or a savings from a higher price, or a reduction from respondents' former price or from the price at which said merchandise is usually and customarily sold at retail by the respondents in the recent regular course of business.

PAR. 15. In truth and in fact the \$2.95 price is not a special sale price but is the respondents' usual and customary retail price of said merchandise.

Therefore, the aforesaid statements, representations and practices were and are unfair, false, misleading and deceptive.

PAR. 16. In the course and conduct of their business, respondents, their subsidiaries and affiliates, have represented, advertised and described a product as "5 in 1 Fruit cocktail trees." In order to induce the sale of this product respondents have made certain representations in advertising.

Among and typical of said representations, not all inclusive thereof, are the following:

- (a) Produces a large crop of tasty
  - Plums!
  - Peaches!
  - Nectarines!
  - Apricots!
  - Cherries!

All grow on one tree

- (b) Need no special care

- (c) Your fruit cocktail tree will grow wherever any fruit tree grows.

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PAR. 17. Through the use of aforesaid statements and representations and others similar thereto, but not specifically set forth, as used variously by respondents in said advertisements, respondents have represented directly or indirectly that:

(a) Five separate species of fruit are likely to be grown on a single tree and there will be a plentiful production of multifruits.

(b) The species are likely to grow and survive in any hardiness zone and can be grown by persons having no specialized knowledge of gardening.

PAR. 18. In truth and in fact:

(a) It is unlikely that 5 species of fruit are likely to be grown on a single tree in that the fruiting possibilities of all 5 fruits are practically non-existent.

(b) It is unlikely that 5 species of fruit will grow and survive in any hardiness zone by persons having no specialized knowledge of gardening.

Therefore, the statements, representations and practices set forth herein were and are unfair, false, misleading and deceptive.

PAR. 19. In the course and conduct of their business, respondents and their subsidiaries and affiliates, in order to induce the sale of their product, have advertised and described a product as "Swiss Sport and Stop Watch."

Among and typical of said statements but not all inclusive thereof, are the following:

(a) Guaranteed 1 full year.

(b) Gold on top.

PAR. 20. By and through the use of the aforesaid statements and others similar thereto but not specifically set forth herein, respondents represent and have represented, directly or by implication, said watch is guaranteed for one year and that the watch top has a gold alloy content of at least 10 karat fineness.

PAR. 21. In truth and in fact:

(a) The watch is not unconditionally guaranteed for 1 year, the guarantee is not without other limitations and the limitations are not clearly, conspicuously and explicitly stated in immediate conjunction with all the representations concerning said guarantee.

(b) The case and top of the watch is not of 10 karat fineness. The watchcase is composed of a base metal and/or brass gilded gold color.

Therefore, the statements, representations and practices set forth herein were, and are unfair, false, misleading and deceptive.

PAR. 22. In the course and conduct of their business, respondents World Art Group, Inc., Standard American Supplies, Inc., and

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their subsidiaries and affiliates, have advertised the following products, describing same in the following manner:

(a) Amazing \$1 offer (dynasty figures) "sells for up to \$10"—in fine art stores.

(b) Mexican Art—"originally \$15."—Sale \$2.95.

(c) Genuine Jade Rings "Sell for \$10 and much more"

PAR. 23. Through the use of the aforesaid representations and others similar thereto but not specifically set forth, respondents have represented directly or by implication that the selling price of the products is reduced from respondents' former price or that of others and that a savings is afforded in the purchase of the advertised merchandise.

PAR. 24. In truth and in fact the selling prices of the products so described and advertised are the usual and customary retail prices of said merchandise.

Therefore, the statements, representations and practices set forth herein were and are unfair, false, misleading and deceptive.

PAR. 25. In the further course and conduct of their business, and for the purpose of inducing the purchase thereof, respondents have advertised, represented and described the Praying Mantis as, "Nature's Miracle 'EATS UP' destructive insects in your garden," and will eliminate various kinds of harmful insects, such as borers, mites, maggots and Japanese beetles. The advertisements also refer to the Praying Mantis as a "New Biological Control Method" and "this remarkable proven method of Biological Control" and recommends coverage of three mantis egg cases for an average home lot 60 x 100.

PAR. 26. Through the use of the aforesaid statements and others similar thereto, but not specifically set forth, respondents have represented that the use of the Praying Mantis will free an average home garden of most insect pests, including borers, mites, maggots and Japanese beetles and is an effective and tested means of controlling vegetation by bacteria and insects.

PAR. 27. In truth and in fact, the Praying Mantis, as directed by respondents, is not an effective or tested means of controlling vegetation by bacteria and insects, will not free a garden of most insect pests and is not a "Biological Control" since the term implies a method of scientific control applied to a specific situation after adequate research sampling and testing.

The use by respondents of the aforesaid statements and representations has the tendency and the capacity to mislead and deceive purchasers of the Praying Mantis eggs with respect to the efficacy of

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these Praying Mantis eggs in eliminating most insect pests and thereby induces the purchase of substantial quantities thereof.

Therefore, the statements, representations and practices set forth herein were, and are, unfair, false, misleading and deceptive.

PAR. 28. In the course and conduct of their business and in order to induce the sale thereof, respondents advertised the Lady Bird Beetle as capable of eliminating a variety of insect pests including little black ants, white grub, mole cricket, corn ear worm or female fruit worm and Japanese Beetle. Said advertisements direct the user to open a can of beetles and place it in the center of the area in which insect control is desired and states that this is a "Proven Biological Control Method used by the United States Department of Agriculture."

PAR. 29. In truth and in fact the Lady Bird Beetle will not eliminate all the aforesaid insect pests and the placing of one can of Lady Bird Beetles is not an effective, proven and tested means of scientific control and is not a method of scientific control used and endorsed by the United States Department of Agriculture.

The use by respondents of the aforesaid misrepresentations has the tendency and capacity to mislead and deceive purchasers of Lady Bird Beetles with respect to the efficacy of Lady Bird Beetles in eliminating insect pests and thereby induces the purchase of substantial quantities thereof.

Therefore, the statements, representations and practices set forth herein were, and are, unfair, false, misleading and deceptive.

PAR. 30. The use by the respondents of the aforesaid false, misleading and deceptive statements, representations 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 such statements were and are true and into the purchase of substantial quantities of respondents' said merchandise by reason of said erroneous and mistaken belief.

PAR. 31. The aforesaid acts and practices of the respondents were and are 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(a) (1) of the Federal Trade Commission Act.

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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 New York Regional 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 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 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, World Art Group, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Connecticut with its principal office and place of business located at 2 First Street, East Norwalk, Connecticut.

Respondent, Standard American Suppliers, Inc., 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 at 1 Park Avenue, New York, New York.

Respondent, Curtis Advertising Company, Inc., 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 at 1 Park Avenue, New York, New York.

Respondent, Lawrence R. Curtis, is president of said corporate respondents. He formulates, directs and controls the policies, acts and practices of said corporate respondents.

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.

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## ORDER

*It is ordered*, That respondents, World Art Group, Inc., a corporation; Standard American Suppliers, Inc., a corporation; Curtis Advertising Company, Inc., a corporation; and Lawrence R. Curtis, individually and as an officer of said corporations, or trading under any other name or names, and respondents' agents, representatives, employees, and successors and assigns, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of paintings, watches or any other products in commerce, as "commerce" is defined in the Federal Trade Commission Act, as amended, do forthwith cease and desist from:

1. Failing to make shipments of advertised goods or merchandise within 21 days from the date of receipt of any order and payment thereof where no time period for shipment is stated in an advertisement or circular, and when no shipment is made within the designated time period, failing promptly to notify customer of a delay and offer to return the full purchase price thereof to the purchaser within 15 days of the receipt of said request.

2. Failing, when requested, in connection with merchandise advertised with a guarantee of satisfaction or money-back guarantee, to refund the purchase price in full of merchandise within the time specified in respondents' advertisements, and if no time is specified, within a reasonable time not to exceed 21 days; or failing to make any other refunds to which the purchaser is entitled within 15 days from the date of the receipt of the request for such refund.

3. Representing directly or by implication:

- a) that any amount is respondents' usual and customary retail price of merchandise unless such amount is the price at which the merchandise has been usually and customarily sold at retail by respondents in the recent regular course of business.

- b) that any saving is afforded in the purchase of merchandise from the respondents' retail price unless the price at which the merchandise is offered constitutes a reduction from the price at which said merchandise is usually and customarily sold at retail by the respondents in the recent regular course of business.

- c) that any amount of savings is available to purchasers of respondents' advertised goods or merchandise, or the amounts by which the price of merchandise has been re-

duced either from the price at which it has been usually and customarily sold by respondents in the recent regular course of business or from the price at which it has been usually and customarily sold at retail in the trade area where the representation was made.

4. Using the words:

"Our lowest price ever"

"Regular value"

"Originally"

"Half-Price sale"

"Savings"

or any other words or terms of similar import in connection with prices of merchandise unless such prices are those at which the merchandise has been sold by respondents in the recent regular course of business or unless such prices are those at which the merchandise has usually and customarily been sold by respondents at retail.

5. Failing to maintain and to furnish when requested full and adequate records which disclose the facts upon which any statement, claim, offer or representation of the types described in Paragraphs 3 and 4 above is based for a period of one year immediately prior to the publication of any advertisement containing such claims.

6. Representing directly or by implication that:

(a) The products known or described as "Magnificent Antique Beethoven Music Scrolls," "Olde Antique Map Clock," "Decorative Antique Maps" or any other product known or described as "Antique" are antiques, unless such product or article is an antique within the official data or statistics of the United States Tariff Act of 1930.

(b) Any product described as a "5 in 1 Fruit Cocktail Tree" or any similar product which is represented as capable of producing multi-fruits, can be easily grown, will produce plentiful fruit during the year or from summer to fall, or will grow and survive in any hardiness zone.

(c) Any product represented and/or advertised as a "Swiss Sport and Stop Watch" or by any other name is of 10 karat gold fineness or any karat designation in excess of that which it actually contains or that the watch is guaranteed without specifically disclosing any limitations, qualifications and/or service charges pertaining to said guarantee.

(d) The "Remarkable Lady Bird Beetle" or any similar insect controls, eliminates or rids gardens or farms of de-

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structive insect pests, including Japanese Beetles, or constitutes a proven method of biological plant control used by any governmental agency including the United States Department of Agriculture.

(e) The Praying Mantis or any similar insect controls, eliminates or rids gardens of such destructive garden insects as borers, mites, maggots or Japanese Beetles, or that it is a new method of biological plant control.

*It is ordered,* That respondents maintain full and adequate records which disclose the facts from which any statement, claim, offer or representation pertaining to amount of savings, reduction of price, lowest price, half-price sale or similar representations and claims, is based, for a period of one year immediately prior to the publication of any advertisement containing such claims.

*It is further ordered,* That respondents shall forthwith deliver and distribute a copy of this order to all present and future personnel of respondents concerned with the promotion and sale of merchandise or in any aspect of preparation, creation or placing of advertising and to all operating divisions, subsidiaries and affiliates of said corporations.

*It is further ordered,* That respondents notify the Commission at least thirty (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 each respondent 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 the order to cease and desist contained herein.

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IN THE MATTER OF

GROLIER INCORPORATED, ET AL.

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

*Docket C-2189. Complaint, Apr. 11, 1972—Decision, Apr. 11, 1972*

Consent order requiring a New York City company selling and distributing encyclopedias, yearbooks and other publications and its six subsidiaries