

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

CATTELEMENS QUALITY MEAT, INC., ET AL.

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

Docket C-2211. Complaint, May 4, 1972—Decision, May 4, 1972

Consent order requiring two affiliated meat retailers of Oak Park, Illinois, and Gary, Indiana, to cease using bait advertisements, misrepresenting the price, quality and quantity of their products and to cease violating the Truth in Lending Act by failing to make all disclosures required by Regulation Z of the said Act.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and of the Truth in Lending Act and the regulation promulgated thereunder, and by virtue of the authority vested in it by said Acts and regulation, the Federal Trade Commission having reason to believe that Cattlemens Quality Meat, Inc., a corporation, Glen Park Meat, Inc., a corporation (formerly Cattlemens Quality Meats of Gary, Inc.), and William David Evans, individually and as an officer of Cattlemens Quality Meat, Inc., hereinafter referred to as respondents, have violated the provisions of said Acts, 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 Cattlemens Quality Meat, Inc., is a corporation organized, existing and doing business under and by virtue

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of the laws of the State of Missouri, with its principal office located at 850 West Madison Street, Oak Park, Illinois.

Respondent Glen Park Meats, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Indiana, with its principal office located at 4769 Broadway, Gary, Indiana.

Respondent William David Evans, an individual is an officer of the corporate respondent, Cattlemens Quality Meat, Inc., and a major stockholder in Glen Park Meats, Inc. He formulates, directs and controls the acts and practices of all the corporate respondents named herein including the acts and practices set forth. His principal office is located at 850 Madison Street, Oak Park, Illinois.

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

COUNT I

Alleging violations of Sections 5 and 12 of the Federal Trade Commission Act.

PAR. 2. Respondents are now and for some time last past have been engaged in the advertising, offering for sale, sale and distribution of beef and other meat products which come within the classification of food, as the term "food" is defined in the Federal Trade Commission Act, to members of the purchasing public.

PAR. 3. In the course and conduct of their aforesaid business, respondents have disseminated and caused the dissemination of certain advertisements in commerce as "commerce" is defined in the Federal Trade Commission Act, including advertisements in daily newspapers of general circulation, for the purpose of inducing, and which are likely to induce, directly or indirectly, the purchase of food, as the term "food" is defined in the Federal Trade Commission Act and have disseminated and caused the dissemination of advertisements as aforesaid, for the purpose of inducing and which are likely to induce, directly or indirectly, the purchase of food in commerce as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the conduct of their business, at all times mentioned herein, respondents have been in substantial competition, in commerce, with corporations, firms and individuals in the sale of beef and other meat of the same general kind and nature.

PAR. 5. Typical of the statements appearing in the newspaper advertisements disseminated as aforesaid are the following:

YOU CAN PAY MORE—BUT YOU CAN'T BUY BETTER BEEF—QUALITY MEATS ARE NOW AVAILABLE FOR YOUR "HOME FREEZERS"

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TENDER & DELICIOUS COMMERCIAL BEEF HALVES (the word commercial is in very small print) 38¢ LB.

USDA PRIME SMALL FREEZER ORDER \$34.50 TOTAL PRICE EXAMPLE 50 lb at 69¢ lb.

USDA CHOICE BEEF HINDS 54¢ LB.

USDA CHOICE BEEF SIDES 45¢ LB.

GUARANTEE: IF YOU ARE NOT COMPLETELY SATISFIED RETURN WITHIN 10 DAYS AND ALL YOUR MONEY WILL BE REFUNDED OR ALL OF YOUR ORDER REPLACED.

NO MONEY DOWN

CHARGE IT! 90 DAYS SAME AS CASH.

* * * * *
PORK AND BEEF SALE YOU BUY THE BEEF WE GIVE YOU THE PORK

USDA CHOICE SMALL FREEZER SPECIAL STEAKS ROASTS—APPROX. 10 to 12% GROUND BEEF EXAMPLE 50 lb beef chuck 39¢ lb.

ALL BEEF SOLD HANGING WEIGHT Subject to Average Cutting Loss.

* * * * *
TRIPLE HEADER BEEF SALE SELECTION #1—CONSISTS OF SECTION 'C'

Porterhouse steaks, TBone Steaks, Sirloin Steaks, Tip Roasts. Ground Steak—Approx. 10-12%

EXAMPLE: 75 lbs at 59¢

Total Price \$44.25

US GOV'T INSPECTED LOIN

SELECTION #2—CONSISTS OF SECTION 'A' round steaks, eye of round roasts, bottom round roast, sirloin tip steaks, rump roasts, ground round approx 10-12%

EXAMPLE: 75 lbs at 49¢

TOTAL PRICE \$36.75

US GOV'T INSPECTED ROUND

SELECTION #3—Consists of Section 'D' bar-b-que steak, chuck roast, pot roast, beef shank, stew beef, swiss steak, rolled roast, ground chuck approx 10 to 12%

EXAMPLE: 75 lbs at 35¢ lb.

TOTAL PRICE \$26.25

US GOV'T INSPECTED CHUCK

USDA CHOICE HINDQUARTERS—\$54.00 PER 100 lbs. Avg wt at 54¢ lb.

* * * * *
COOKOUT SPECIALS—U.S.D.A. CHOICE TENDER & DELICIOUS BEEF HINDQUARTER 56¢ lb.

STEAK PAC—\$29.50—BEEF LOIN

EXAMPLE 50 lbs at 59¢ lb

MOSTLY STEAKS

T-BONES! SIRLOINS!

Porterhouse Filets!

* * * * *
(Small Print) Guaranteed Tender & Delicious U.S.D.A. Commercial (Large Print) BEEF HALVES 39¢ lb.

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(Small Print) Tender & Delicious U.S.D.A. COMMERCIAL

(Large Print) BEEF HINDQUARTER 49¢ lb.

USDA CHOICE STEAKS, ROAST GROUND BEEF APPROX 12% 19.50
total price

example 50 lbs at 39¢ lb

USDA CHOICE CHUCK

OUR BUDGET PLAN

1. Set Amount of payments yourself stock up now—why wait in line at today's rising meat prices?
2. No money down needed—Take money out of your food budget.
3. 105 Days same as cash—No Interest or carrying charges—or make your payments on a 6, 9 or 12 month plan.
4. This is no new bill—you have been paying more than this for meat every week.

* * * * *

BEEF SALE—THREE DAYS ONLY

D-E-LICIOUS TENDER-AGED (Small Print) U.S.D.A. COMMERCIAL

(Large print) BEEF HALVES \$.39

EXAMPLE 300 lbs at 39¢ lb.

4½ MONTHS SAME AS CASH FOR ANY ORDER. (Small print) Financing
Arranged.

* * * * *

CHARGE IT BEEF SALE—YOUR CHOICE

ANY SELECTION FROM \$3.25 to 5.14 per week SAME AS CASH

NO MONEY DOWN—105 DAYS SAME AS CASH OR TAKE 12 MONTHS
TO PAY.

* * * * *

PAR. 6. By and through the use of the aforesaid advertisements and others of similar import and meaning not specifically set out herein, respondents have represented, directly or by implication that:

1. Offers set forth in said advertisements were bona fide offers to sell meat products, including U.S.D.A. Choice and U.S.D.A. Prime Beef at the advertised price per pound.

2. The advertised beef orders when cut and packaged for the purchaser will contain 10 to 12 percent ground beef.

3. Beef and other advertised meats, are guaranteed, and a purchaser's money will be promptly refunded upon return of the purchased meat, or at his election the purchaser may receive a complete replacement order on return of the purchased meat.

4. Purchasers may arrange to make deferred payments for their purchases directly to respondents' retail stores and no interest and/or carrying charges will be made on such deferred payment obligation.

5. Persons making purchases at a stated price per day or per week are effectuating savings by paying a significantly lower total price

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than that which they have been paying elsewhere for meat purchases.

PAR. 7. In truth and in fact:

1. The offers set forth in said advertisements, and other offers not set forth in detail herein, were not, and are not, bona fide offers to sell meat products at the advertised price, but, to the contrary were made to induce prospective purchasers to visit respondents' stores and places of business for the purpose of purchasing said products. When prospective purchasers in response to said advertisements, attempt to purchase advertised beef, respondents and respondents' employees inform them that the advertised prices apply only to meat of low grade and quality, said meat being frequently below the grade and quality of meat graded "U.S. Good" by the United States Department of Agriculture. Prospective purchasers are further informed that the said advertised meat because of its low grade and quality is subject to excessive weight loss in cutting and trimming. Respondents and their salesmen frequently display old, fat and unsightly beef as the advertised meat, disparage it in a manner calculated to discourage the purchase thereof, and attempt to, and frequently do, sell much higher priced meats.

2. Persons who succeed in purchasing advertised beef products frequently find that their packaged orders, on delivery, contain ground beef in excess of 12 percent of the total meat received.

3. Contrary to respondents' advertised guarantee, dissatisfied purchasers have experienced difficulty in securing, or have not secured, full refunds of their purchase price; and have had difficulty in securing, or have not secured, satisfactory exchange orders for meat returned under the guarantee. Purchasers have also been advised of conditions and limitations not disclosed in respondents' advertised guarantee.

4. Purchasers learn, often after purchase, that payments on their installment contracts must be made to respondent's finance company or to one of several finance companies with whom such contracts are placed by respondents for collection.

5. The stated prices per day or per week do not represent a significant saving to prospective purchasers over the price of similar meat available at other retail outlets to such purchasers. Furthermore, respondents fail to disclose the number of days or weeks which such payments are required to be made in order to complete a purchaser's obligation.

PAR. 8. Respondents by their advertisements disseminated as aforesaid have represented, and now represent, directly and by implica-

tion, and by failure to disclose the average weight loss in the meat purchased due to cutting, dressing and trimming that beef halves and hindquarters advertised will weigh approximately their advertised and/or hanging weight when cut and trimmed, and/or that other meat purchases when ready for home freezer storage will equal or approximate their total purchase weight.

Said representations were, and are, contrary to the fact as beef halves, and other beef carcass sections, are sold by the pound at their carcass or uncut weight. The cutting, trimming and removing of fat, bone and waste materials greatly reduces the total weight, and a meat order when cut, trimmed and ready for home freezer storage is not equal to, nor does it approximate the total weight of said meat at the time of purchase.

Therefore, the advertisements referred to in Paragraphs Five and Eight were and are misleading in material respects and have constituted, and constitute, "false advertisements" as the term is defined in the Federal Trade Commission Act, and the representations referred to in Paragraphs Six and Eight were, and are, false, misleading and deceptive.

PAR. 9. In many instances, in the usual course of their business, respondents without notice and consent of their purchasers sell and transfer purchasers' notes and contracts, procured by the aforesaid false, misleading and deceptive means, to various third parties and other finance companies. In any subsequent action to collect monies from said purchasers pursuant to said notes and contracts, certain valid legal defenses and claims which said purchasers may have against respondents upon said notes and contracts are unavailable as against said third parties.

PAR. 10. Use by 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 said statements and representations were, and are, true and into the purchase of substantial quantities of the aforesaid products, including higher priced products than those advertised by reason of said erroneous and mistaken belief.

PAR. 11. The aforesaid acts and practices of respondents, as herein alleged, including the dissemination by respondents of false advertisements as aforesaid, 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 Sections 5 and 12 of the Federal Trade Commission Act.

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COUNT II

Alleging violations of the Truth in Lending Act and the Federal Trade Commission Act, the allegations of Paragraph One hereof is adopted by reference as if fully set forth verbatim.

PAR. 12. Respondents, in the ordinary course and conduct of their business as aforesaid, regularly engage, and for some time past have engaged, in the extension of consumer credit, as "consumer credit" is defined in Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 13. Subsequent to July 1, 1969, respondents, in the ordinary course of business and in connection with credit sale transactions, have in some instances made the required disclosures under the Truth in Lending Act and Regulation Z on a single piece of paper without identifying the transaction for which the disclosures are made, in violation of Section 226.8(a) of Regulation Z.

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The Commission having heretofore determined to issue its complaint charging the respondents named in the caption hereof 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 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 considered the agreement and having accepted the 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 issued its complaint in the form contemplated by said agreement, makes the following jurisdictional findings and enters the following order:

1. Respondent Cattlemens Quality Meat, Inc., is a corporation organized, existing and doing business under and by virtue of the laws

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of the State of Missouri, with its principal office and place of business located at 850 West Madison Street, Oak Park, Illinois.

Respondent William David Evans is an officer of said corporation. He formulates directs and controls the policies, acts and practices of said corporation, and his principal office and place of business is located at the above stated address.

Respondent Glen Park Meats, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Indiana, with its principal office and place of business located at 4769 Broadway, Gary, Indiana.

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 Cattlemens Quality Meat, Inc., a corporation and Glen Park Meats, Inc., a corporation, their successors and assigns and officers, and William David Evans, individually and as an officer of Cattlemens Quality Meat, Inc., and respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with the offering for sale, sale and distribution of meat or other food products, in commerce as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Disseminating, or causing the dissemination, by means of the United States mails or by any means in commerce, as "commerce" is defined in the Federal Trade Commission Act, of any advertisement which represents directly or by implication:

(a) That any product is offered for sale, when the purpose of such representations is not to sell the offered product, but to obtain prospects for the sale of other products at higher prices.

(b) That any product is offered for sale when such an offer is not a bona fide offer to sell such product.

(c) That any product is guaranteed unless the nature, conditions and extent of the guarantee and the manner in which the guarantor will perform thereunder are clearly and conspicuously disclosed in immediate conjunction therewith.

(d) That any product is guaranteed unless in all instances respondents fully, satisfactorily and promptly perform all of their obligations and requirements under the terms of the guarantee.

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(e) That any product offered for sale may be purchased at any stated price per day, per week or for any other specified period of time unless, in immediate conjunction therewith is clearly and conspicuously disclosed, the number of payments or the total sum which the purchaser will be required to pay pursuant to any time payment plan so advertised.

2. Disseminating, or causing the dissemination of any advertisement by means of United States mails, or by any means in commerce, as "commerce" is defined in the Federal Trade Commission Act, which:

(a) Fails to clearly and conspicuously disclose:

(1) That beef sides, hindquarters and other untrimmed pieces of meat offered for sale are sold subject to average weight loss due to cutting, dressing and trimming.

(2) That the price charged for such untrimmed meat is based on the hanging weight before cutting, dressing and trimming occurs.

(3) The average percentage range of weight loss of such meat due to cutting, dressing and trimming.

(b) Fails to clearly and conspicuously include:

(1) When United States Department of Agriculture graded meat is advertised which is below the grade of "USDA Good," the statement, "This meat is of a grade below U.S. Prime, U.S. Choice, and U.S. Good."

(2) When meat not graded by the United States Department of Agriculture is advertised:

(a) The Statement "This meat has not been graded by the United States Department of Agriculture," and

(b) If such meat is a portion of the total meat offered, a statement indicating the portion which is ungraded and the percentage of such ungraded portions, by weight, of the total meat offered.

3. Disseminating, or causing the dissemination, of any advertisement by means of United States mails or by any means in commerce, as "commerce" is defined in the Federal Trade Commission Act, which misrepresents in any manner:

(a) The extent of their guarantee and the manner in which the gaurantor will perform thereunder.

(b) The amount of ground beef which will be contained in beef orders when the same are packaged and ready for home freezer storage.

(c) The amount, grade, quality, identity or classification of meat which will be received by a purchaser.

(d) The price of any product, the savings available to purchasers thereof, or the terms, conditions and requirements of any installment payment contracts executed by the purchasers thereof.

4. Disseminating, or causing to be disseminated, by any means, for the purpose of inducing, or which is likely to induce, directly or indirectly, the purchase of any meat or other food product in commerce, as "commerce" is defined in the Federal Trade Commission Act, any advertisement which contains any of the representations prohibited in Paragraph 1 or the misrepresentations prohibited in Paragraph 3, or fails to comply with the affirmative requirements of Paragraph 2 hereof.

5. Discouraging the purchase of, or disparaging in any manner, or encouraging, instructing or suggesting that others discourage or disparage any meat or other food products which are advertised or offered for sale in advertisements, disseminated or caused to be disseminated by means of the United States mails or by any means in commerce, as "commerce" is defined in the Federal Trade Commission Act.

6. Failing to deliver a copy of this order to cease and desist to all operating divisions of the corporate respondents, and to all officers, managers, and salesmen thereof, both present and future, and to any person now engaged or who becomes engaged in the sale of meat or other food products as respondents' agent, representative or employee, and to secure from each of said persons a signed statement acknowledging receipt of a copy thereof.

7. Failing to include the following legend on the face of any note or other instrument of indebtedness executed by respondents' purchasers in connection with the purchase of meat or any other food product, but only when such notes or other instruments of indebtedness are sold or otherwise transferred to companies or persons affiliated with respondents:

NOTICE

The holder of this instrument shall take it subject to any and all defenses which the maker hereof has against the seller Cattlemens Quality Meat, Inc.,

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Glen Park Meats, Inc., and/or any affiliate or successor, which arise out of any representations or other conduct, in connection with the contract giving rise to this instrument, which violates the Federal Trade Commission Act or any other statute administered by the Federal Trade Commission.

It is further ordered, That respondents, Cattlemens Quality Meat, Inc., Glen Park Meats, Inc., corporations, and their officers, and respondent, William David Evans, individually and as an officer of Cattlemens Quality Meat, Inc., and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with any extension of credit or any advertisement to aid, promote or assist directly or indirectly any extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 CFR § 226) of the Truth in Lending Act (Pub.L. 90-321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Failing, on any document containing the consumer credit cost disclosures required by Regulation Z, if the disclosure is on a separate document, to identify the transaction to which the disclosures relate, as required by Section 226.8(a) of Regulation Z.
2. Failing, in any consumer credit transaction or advertisement, to make all disclosures, determined in accordance with Sections 226.4, 226.5, and 226.8 of Regulation Z in the manner, form and amount required by Sections 226.6, 226.9 and 226.10 of Regulation Z.

It is further ordered, That the respondent corporations shall forthwith distribute a copy of this order to each of their operating divisions.

It is further ordered, That respondents notify the Commission at least 30 days prior to any proposed change in any 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 corporations 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

IN THE MATTER OF

BROWNING ARMS COMPANY

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT*Docket C-2212. Complaint, May 4, 1972—Decision, May 4, 1972*

Consent order requiring a Morgan, Utah, manufacturer of firearms and accessories to cease fixing the resale prices of its products, requiring its dealers to agree to its specified prices, requiring dealers and sales personnel to report any persons not observing retail selling prices, requiring those dealers caught price-cutting to cease their practices as a condition of future sales, and to prevent its dealers from reselling its products to other dealers or distributors. Respondent is also required to indicate on any future price lists that the prices are only suggested or approximate.

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 the Browning Arms Company, a corporation, and more particularly described and referred to hereinafter as respondent, has violated and is now violating the provisions of Section 5 of the Federal Trade Commission Act (38 Stat. 719, as amended; 15 U.S.C. 45), 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 with respect thereto as follows:

PARAGRAPH 1. Respondent, Browning Arms Company, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Utah, with its office and principal place of business located on Route #1 in Morgan, Utah.

PAR. 2. Respondent has been and is now engaged in the manufacture, sale and distribution of firearms and firearm accessories with gross sales in 1970 in excess of \$32,000,000. Respondent's firearms are manufactured in Belgium according to respondent's specifications and such firearms are subsequently distributed and sold to approximately 10,500 authorized dealers located throughout the United States.

PAR. 3. In the course and conduct of its business as aforesaid, respondent has been and is now engaged in commerce, as "commerce"