

mission a report in writing setting forth in detail the manner and form in which they have complied with this order.

IN THE MATTER OF

NATIONWIDE SAFTI-BRAKE DISTRIBUTORS, INC.,
ET AL.

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

Docket C-2227. Complaint, May 23, 1972—Decision, May 23, 1972

Consent order requiring a Rockville, Maryland, seller and distributor of automobile parts, including brake parts, and its parent company to cease misrepresenting prices of particular automotive repair services, representing that any merchandise or service is for sale when in fact it is not, using deceptive representations in order to obtain prospective customers, misrepresenting respondent's size and extent, and using the word "Safti" or any other similar misrepresentation in respondent's trade name or service mark within one year.

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 Nationwide Safti-Brake Distributors, Inc., a corporation, Globe Advertising Co., Inc., a corporation, Market Tire Company of Maryland, Inc., a corporation, and Allan Bratman and David Lawson, individually and as officers of Market Tire Company of Maryland, Inc., 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. Respondent Market Tire Company of Maryland, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Maryland, with its principal office and place of business located at 5481 Randolph Road, Rockville, Maryland.

Said respondent controls and dominates the acts and practices of respondent Nationwide Safti-Brake Distributors, Inc., a wholly-owned subsidiary, which is a corporation organized, existing and doing business under and by virtue of the laws of the State of Maryland, with its principal office and place of business located at 5481 Randolph Road, Rockville, Maryland.

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Said, respondent, Market Tire Company of Maryland, Inc., controls and dominates the acts and practices of respondent Globe Advertising Co., Inc., a wholly-owned subsidiary, which is a corporation organized, existing and doing business under and by virtue of the laws of the State of Maryland, with its principal office and place of business located at 5481 Randolph Road, Rockville, Maryland.

Respondents Allan Bratman and David Lawson are individuals and are officers of respondent Market Tire Company of Maryland, Inc. The said individual respondents formulate, direct and control the acts and practices of respondent Market Tire Company of Maryland, Inc., including those hereinafter set forth. By and through the aforesaid corporation, the said individual respondents formulate, direct and control the acts and practices of said corporate respondents Nationwide Safti-Brake Distributors, Inc., and Globe Advertising Co., Inc. Their address is the same as that of the corporate respondent.

All of the aforementioned respondents cooperated and acted together in the carrying out of the acts and practices hereinafter set forth.

PAR. 2. Respondents Market Tire Company of Maryland, Inc., and Nationwide Safti-Brake Distributors, Inc. are now, and for some time last past have been, engaged in the offering for sale, sale and distribution of automobile brake parts, motor vehicle tires, and other automotive products and in the installation thereof. In the course and conduct of their aforesaid business, respondents use the trade names Nationwide Safti-Brake Centers and Market Tire Co.

Respondent Globe Advertising Co., Inc., is now, and for some time last past has been, an advertising agency of Market Tire Company of Maryland, Inc. and Nationwide Safti-Brake Distributors, Inc., and now prepares and places for publication, and for some time last past has prepared and placed for publication, advertising material, including but not limited to the advertising referred to herein in Paragraphs Three, Four and Seven.

PAR. 3. In the course and conduct of their business as aforesaid, respondents have caused, and now cause, the dissemination of certain advertisements concerning the said automobile brake repair services, motor vehicle tires and other automotive products and services by various means in commerce, as "commerce" is defined in the Federal Trade Commission Act, including, but not limited to, advertisements inserted in newspapers of interstate circulation, and by means of television broadcasts transmitted by television stations located in the District of Columbia, having sufficient power to carry such broadcasts across state lines, for the purpose of inducing and which were likely to induce, directly or indirectly, the purchase of respondents' said products and services.

In the further course and conduct of their business, as aforesaid, respondents have caused, and now cause, their said products to be shipped from their place of business in the State of Maryland to their various retail outlets for sale, together with their services, to purchasers thereof located in States of Virginia and Maryland and in the District of Columbia. Respondents maintain, and at all times mentioned herein have maintained, a substantial course of trade in said products and services in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. By means of advertisements inserted in newspapers and disseminated, as aforesaid, respondents have made various statements and representations of which the following are typical and illustrative, but not all inclusive thereof:

	BRAKES	
	RELINED	
	by skilled mechanics—while you watch All 4 Wheels	
	Including Labor & Bonded Linings	
	Plymouth	
	Chevy	
\$13.95	Chevy II	
	Valiant	
	Corvair	
	Ford, Mustang, Falcon (riveted lining) and Most Other Amer-	
	ican Cars	16.95
	Volkswagen Sedans	19.95
	7- POINT OVERHAUL	
	BRAKE	
	SPECIAL	
	INCLUDES PARTS AND LABOR	
	SAVE	
	9.57 to	33.95
	12.57	Plymouth Chevy
		Chevy II
		Valiant Corvair
	Ford, Mustang, Falcon (riveted linings) and Most Other Amer-	
	ican Cars and Volkswagen Sedans	37.95

Disc Brakes Not Included

1. Reline All Four Wheels with "Mighty-Grip" Bonded Linings. 2. Rebuild All Four Wheel Cylinders. 3. Turn the Drums on all Four Wheels. 4. Bleed, Flush and Refill Hydraulic System with approved SAE Fluid. 5. Clean, Inspect and Repack Front Wheel Bearings. 6. Rotate All Four Wheels. 7. Adjust Brakes on All Four Wheels.

NOTE: Replacement of grease seals and brake springs or repair to master cylinder, if needed, is additional.

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PAR. 5. By and through the use of the above-quoted statements and representations, and others similar thereto, but not specifically set forth herein, respondents represented, directly or by implication:

1. That they are offering complete brake repair service for a Plymouth, Chevrolet, Chevy II, Valiant or Corvair automobile for \$13.95; Ford, Mustang, Falcon and most other American cars for \$16.95; and Volkswagen Sedans for \$19.95.

2. That they are offering to completely overhaul the brake system of a Plymouth, Chevrolet, Chevy II, Valiant or Corvair automobile for \$33.95; Ford, Mustang, Falcon and most other American cars and Volkswagen Sedans for \$37.95.

3. That their business is nationwide in scope.

PAR. 6. In truth and in fact:

1. Respondents are not offering complete brake repair service for a Plymouth, Chevrolet, Chevy II, Valiant or Corvair automobile for \$13.95; Ford, Mustang, Falcon and most other American cars for \$16.95; and Volkswagen Sedans for \$19.95, but are engaged in the practice of "lo-balling" wherein the customers are attracted into respondents' establishments by their advertised low prices, then induced into purchasing additional repairs when faced with respondents' refusal to provide a guarantee unless the said repairs are effected. This fact is not disclosed until after the consumer responds to the advertisement and attempts to purchase the advertised service.

The format of respondents' advertising and the prominent manner in which the price of brake repairs is set forth, lead a substantial number of customers to the impression that this is the full price for a complete brake repair service. This mistaken impression is enhanced by the fact that in many instances car owners are not always aware of the additional repairs necessary for a complete brake repair service. Respondents' failure to disclose in their advertisements that such additional repairs are normally necessary further enhances the capacity and tendency of said advertisements to lead prospective customers to believe that a complete brake repair service is being offered.

2. Respondents are not offering to completely overhaul the brake system of a Plymouth, Chevrolet, Chevy II, Valiant or Corvair automobile for \$33.95; Ford, Mustang, Falcon and most other American cars and Volkswagen Sedans for \$37.95, but are making such offer for the purpose of attracting prospective customers to their places of business where respondents can convince them that additional repairs are needed. Although respondents' advertising discloses that an additional charge is made for certain repairs not

included in the offer, the disclosure is obscured by small type size, location, and an attractive low priced offer, and fails to disclose that such additional repairs are needed in most cases. In many instances, this disclosure is either not noticed or misunderstood by consumers.

3. Respondents' business is not nationwide in scope; their operations are limited to two states.

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

PAR. 7. In the further course and conduct of their business, as aforesaid, respondents, by means of a television advertisement, disseminated as aforesaid, depict a scene in which drivers of two separate automobiles encounter the same hazardous situation requiring an emergency stop. During such advertisement, respondents make the following representations:

This man just had his brakes fixed—by a guy who pumps gas, fixes flats, changes oil, and fixes brakes.

This man just had his brakes fixed by a specialist—a Nationwide Safti-Brake specialist—a specialist who concentrates on brakes—because you never know—when your brakes will have to be perfect.

The car fixed by a Nationwide brake specialist, or the other one—

[Sound of tires squealing as automobile drivers begin making emergency stop]

Which car would you rather be driving in? At Nationwide, we'll give your brakes a free check-up, and we'll give you peace of mind.

PAR. 8. By and through the foregoing representations, and through the use of the trade name "Nationwide Safti-Brake Centers," separately and in connection with the aforesaid newspaper and television advertisements, respondents have represented, directly and by implication, that respondents' utilize unique products in the performance of their brake repair service and that the workmanship of respondent's employees is superior to that of others engaged in similar brake repair services, and results in safer brake performance.

PAR. 9. In truth and in fact, respondents do not utilize unique products in the performance of their brake repair service and the workmanship of respondents' employees is not superior to that of others engaged in similar brake repair services, and does not result in safer brake performance. In fact, in a number of instances, repairs which were made by respondents' employees had defects in workmanship and customers had to return their automobiles to have the unsatisfactory "repairs" corrected.

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

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PAR. 10. In the course and conduct of their aforesaid business, and at all times mentioned herein, respondents have been in substantial competition in commerce, with corporations, firms and individuals in the sale of products and services of the same general kind and nature as those sold by respondents.

PAR. 11. 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 said statements and representations were, and are, true and into the purchase of substantial quantities of respondents' products and services by reason of said erroneous and mistaken belief.

PAR. 12. 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 or deceptive acts and practices in commerce, in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Washington, D.C. 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 the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, and having duly considered

the comments filed thereunder pursuant to Section 2.34(b) of its rules, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Nationwide Safti-Brake Distributors, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Maryland, with its principal office and place of business located at 5481 Randolph Road, Rockville, Maryland.

Respondent Globe Advertising Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Maryland, with its principal office and place of business located at 5481 Randolph Road, Rockville, Maryland.

Respondent Market Tire Company of Maryland, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Maryland, with its principal office and place of business located at 5481 Randolph Road, Rockville, Maryland.

Respondents Allan Bratman and David Lawson are individuals and are officers of respondent Market Tire Company of Maryland, Inc. Their address is the same as that of the corporate respondent.

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 Nationwide Safti-Brake Distributors, Inc., a corporation, Globe Advertising Co., Inc., a corporation, Market Tire Company of Maryland, Inc., a corporation, their successors and assigns and their officers, and Allan Bratman and David Lawson, individually and as officers of Market Tire Company of Maryland, Inc. and each of said respondents trading as Nationwide Safti-Brake Centers or under any other trade name or names, and respondents' agents, representatives and employees directly or through any corporation, subsidiary, division or other device, in connection with the advertising, offering for sale, sale or distribution of automobile brake repair services, or any other products or services, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Advertising the price of particular automotive repair services such as relining brakes, unless in immediate conjunction

therewith disclosure is made, in a prominent place and in legible type that additional charges may be required, which additional charges are listed covering usual and customary parts and/or labor for the repair services advertised; or in lieu thereof, clearly disclosing in immediate conjunction with the advertised price, and in the same type size, the current average total cost at the time of publication for such services, including the additional parts and labor normally required.

2. Representing, orally or in writing, directly or by implication, that any merchandise or service is offered for sale when the purpose of the representation is not to sell such merchandise or service in the represented manner; or misrepresenting, in any manner, the nature, cost or extent of any such service or related parts necessary to repair automotive components.

3. Using, in any manner, a sales plan or procedure wherein false, misleading or deceptive representations are made in order to obtain prospects for the sale of merchandise or services.

4. Failing to disclose in all media advertising in close conjunction with respondents' trade name and servicemark "Nation-wide Safti-Brake Centers" the geographic trading area or areas where respondent in fact does business, or otherwise misrepresenting apart from said trade name and servicemark usage that respondents' business serves a geographic area larger than is the fact.

5. Using the word "Safti" or any other word, term or phrase of similar import or meaning in respondents' trade name or servicemark; *Provided, however*, That respondents shall be permitted to phase out such term (a) in all media advertising within one month from the date this order is accepted, (b) in all stationery, invoices and other business forms (and in-store promotional material) as the current supply is exhausted, but no later than one year from the date this order is accepted, and (c) in all store signs within one year from the date this order is accepted.

It is further ordered, That respondents deliver a copy of this order to each of their operating departments and divisions engaged in the advertising, offering for sale, sale or distribution to the public at retail of automobile brake repair services or any other products or services and to the manager and employees of each present and every future retail outlet owned and operated by respondents, and obtain a signed statement acknowledging receipt of said order from each individual receiving a copy of same.

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It is further ordered, That respondents maintain for at least a two (2) year period, copies of all advertisements, including television and radio advertisements, direct mail and in-store solicitation literature, and any other such promotional material made for the purposes of offering for sale, sale or distribution to the public at retail of automobile brake repair services or any other products or services.

It is further ordered, That respondents maintain for at least a one (1) year period, full and adequate records which disclose the facts upon which representations of the type dealt with in Paragraphs One and Two of this order are based, and from which the validity of such claim can be established.

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondents 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 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.
