

and form in which they have complied with this order.

IN THE MATTER OF
NU DIMENSIONS INTERNATIONAL, LTD., ET AL.

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

Docket C-2318. Complaint, Nov. 20, 1972—Decision, Nov. 20, 1972.

Consent order requiring a Seattle, Washington, promoter and seller of figure improvement programs, among other things to cease representing prices as special or for a limited time only; falsely advertising the results obtainable through said figure improvement programs; representing certain treatments as healthful when, in fact, they can be detrimental in certain instances; and failing to disclose to customers, in connection with the extension of consumer credit, information required by Regulation Z of the Truth in Lending Act. The order further provides that purchasers of programs or services costing more than \$25, be entitled to a trial period and cancellation rights; for termination rights and pro-rata refunds to patrons who have a doctor-certified health problem or have moved more than 25 miles from the salon; and preserves credit purchasers' rights if their notes are turned over to third parties.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and of the Truth in Lending Act and the regulations promulgated thereunder, and by virtue of the authority vested in it by said Acts,

the Federal Trade Commission, having reason to believe that Nu Dimensions International, Ltd., New Dimensions, Ltd., Alan Acceptance Corporation, corporations, and Allan A. Turner and Cindy Young, individually and as officers of said corporations, 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. For the purpose of this complaint and the accompanying order to cease and desist, "passive equipment" is defined as vibratory or oscillatory tables and belts, motorized rollers and other types of motor-driven massage devices which require no substantial exercise on the part of the use.

PAR. 2. Respondent Nu Dimensions International, Ltd., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Washington with its office and principal place of business located at 1628 Ninth Avenue, Seattle, Washington. Prior to June 24, 1970,* or thereabouts, its corporate name was International New Dimensions, Inc. The said change of corporate name was accomplished by amendment to the corporate articles of International New Dimensions, Inc., pursuant to the laws of the State of Washington.

Respondent New Dimensions, Ltd., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Oregon with its principal place of business located at 1969 N.E. 42nd Avenue, Portland, Oregon.

Respondents Nu Dimensions International, Ltd. and New Dimensions, Ltd. are now and for some time last past have been doing business as Nu Dimensions Figure Salons and as International Acceptance Company.

Respondent Alan Acceptance Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Washington with its office and principal place of business located at 1628 Ninth Avenue, Seattle, Washington. By and through said corporate respondent, respondents Nu Dimensions International, Ltd. and New Dimensions, Ltd. finance the purchase of figure improvement contracts and collect monthly payments from persons enrolled in the aforesaid programs.

Respondents Allan A. Turner and Cindy Young are individuals and officers of said corporate respondents Nu Dimensions International, Ltd., New Dimensions, Ltd. and Alan Acceptance Corporation. They

793

Complaint

formulate, direct and control the acts and practices of said corporate respondents, including the acts and practices hereinafter set forth. Their address is the same as that of Nu Dimensions International, Ltd. and Alan Acceptance Corporation.

PAR. 3. Respondents are now, and for some time last past have been engaged in the advertising, offering for sale, and sale of figure improvement programs for women of the general public; the financing of the purchase of said figure improvement programs; the collection of patron's accounts; and the general management and supervision of figure salons located in the States of Washington, Oregon, and Minnesota.

COUNT I

Alleging violations of Section 5 of the Federal Trade Commission Act, the allegations of Paragraphs One, Two and Three hereof are incorporated by reference in Count I as if fully set forth verbatim.

PAR. 4. In the course and conduct of their business as aforesaid, respondents Nu Dimensions International, Ltd. and New Dimensions, Ltd. have caused, and do now cause, advertisements for said figure salons to appear in media of interstate circulation, including but not limited to the Seattle Times, the Seattle Post-Intelligencer, the Spokane Daily Chronicle, the Spokane Spokesman-Review, the Minneapolis Star, and the Portland Oregonian, and on television broadcasts of interstate transmission, all of which are designed and intended to induce persons to purchase said figure improvement programs.

In the course and conduct of their business as aforesaid, Nu Dimensions International, Ltd., New Dimensions, Ltd. and Alan Acceptance Corporation finance memberships in their figure improvement programs and collect payments from patrons located in various States of the United States.

Accordingly, all of said respondents have maintained, and do now maintain, a course and conduct of business in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 5. In the course and conduct of their business as aforesaid, and for the purpose of inducing the purchase of figure improvement programs, respondents have made and are now making numerous statements and representations in advertisements inserted in newspapers of general circulation and by means of television broadcasts and promotional material, with respect to the price of said figure improvement programs and the benefits and facilities available for those who enroll in a program.

Complaint

81 F.T.C.

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

Lose ten inches in ten visits.

* * * * *

No crash dieting.

* * * * *

Completely new.

* * * * *

This week—ten treatments, ten dollars.

* * * * *

No disrobing.

* * * * *

Lose pounds and inches fast or your money back.

* * * * *

Now, any woman can have a perfect figure.

* * * * *

Relax your way to new beauty.

* * * * *

Only pay for the visits you need.

* * * * *

This week only, five free treatments on any program
to the first 25 women to call.

* * * * *

Salons in principal U.S. cities from coast to coast.

* * * * *

At Nu Dimensions you lose more inches and pounds
for less money than through any other
program, anywhere.

* * * * *

Results guaranteed in writing.

* * * * *

Why join a gym for two years when in weeks you
can have the results you want.

* * * * *

Slim time special, \$3 per month.

* * * * *

Representative and illustrative, albeit neither verbatim nor all inclusive, or oral statements and representations made to prospective purchasers by the respondents Nu Dimensions International, Ltd., and New Dimensions, Ltd. and their sales representatives and agents, are the following:

793

Complaint

At the time of your figure analysis you are eligible for a 20% discount.

* * * * *

No downpayment and no carrying charges of any kind.

* * * * *

About 85% of our women choose our accelerated program.

* * * * *

This is a proven concept that has been used all over the world for over thirty years with fantastic results.

* * * * *

Our programs are beneficial to persons with back trouble or other medical problems.

* * * * *

In our cash accelerated program, you will achieve your results in about 1/2 to 1/2 the amount of time.

* * * * *

You will find you have a great deal more energy and zest for life when you are taking treatments regularly.

* * * * *

You can cancel the program at any time and get your money back if you cannot continue with the treatments.

* * * * *

PAR. 6. By and through the use of said advertisements, and others of similar import and meaning but not expressly set out herein, and by oral statements and representations made by their sales representatives and agents, respondents have represented and are now representing directly or by implication that:

1. They are making bona fide offers to sell figure improvement programs for "ten treatments for ten dollars," "three dollars per month" and various other price amounts not set forth herein.
2. The prices of programs and services which are being offered are discount prices or special prices available for a limited period of time or to a limited number of women.
3. A certain number of free treatments are available with the purchase of a program, for a limited period of time or to a limited number of patrons.
4. Respondents' programs will slenderize, beautify, proportion, and eliminate pounds and inches from every woman's figure, without dieting.
5. Respondents' passive equipment will stimulate circulation, correct posture, tone and firm human tissue, including muscles, and/or induce weight loss or loss of inches.
6. Patrons can lose ten inches in ten visits to respondents' salons or can attain other stated changes in body size, configuration or weight in specified periods of time.

Complaint

81 F.T.C.

7. Respondents operate a nationwide chain of reducing salons with facilities in most major cities of the United States.

8. Respondents' salons use completely new methods for figure reducing.

9. Respondents' salons use reducing methods which have been thoroughly and scientifically tested and approved by experts and physicians.

10. Every woman who enrolls in respondents' programs can attain a perfect figure.

11. Respondents' programs are helpful to persons with back trouble or other medical problems.

12. Respondents' treatments will give the patrons more energy.

13. Respondents' program involves no disrobing by patrons.

14. Each "treatment" is equivalent to a visit to one of respondents' salons.

15. Respondents' accelerated program accomplishes desired results in about half the time it would take under the regular program.

16. About 85 percent of respondents' patrons choose the accelerated program.

17. Respondents' programs do not involve memberships or long-term contractual obligations, and patrons can purchase respondents' services on a per treatment basis.

18. Respondents' program is the least expensive method of figure reduction.

19. Respondents will hold prospective customers' applications for figure improvement programs without accepting same, until further confirmation by the prospective customer or approval by their husbands.

PAR. 7. In truth and in fact:

1. The advertised figure improvement programs for "ten treatments for ten dollars," "three dollars per month" and various other price amounts not set forth herein, are not bona fide offers to sell figure improvement programs at the advertised prices, but are advertised for the purpose of obtaining leads to prospective purchasers of more expensive programs. After inducing prospective customers into respondents' salons by means of the aforesaid advertised minimal cost programs, respondents' sales personnel disparage the advertised minimal cost programs by act or words or both, and attempt to sell and do sell different and more expensive reducing programs.

Respondents' sales personnel are directed and encouraged by respondents not to sell the minimal cost programs and may be and have been penalized or discharged for selling such programs. Such minimal

cost programs as have been sold have not been accorded the benefits of guarantees advertised in conjunction therewith.

2. The prices at which figure improvement programs are sold are not special prices or discount prices, nor are they available for only a limited period of time or to a limited number of patrons. They are the usual and customary prices charged for respondents' figure improvement programs, and they have been substantially the same for an extended period of time.

3. Offers of free treatments with the purchase of a program are not limited to the stated period of time or stated number of patrons.

4. Respondents' programs will not slenderize, beautify, proportion, and eliminate pounds and inches from every woman's figure without dieting.

5. Respondents' passive equipment will not stimulate circulation, correct posture, tone and firm human tissue, including muscles, or induce weight loss or loss of inches.

6. Patrons cannot lose ten inches in ten visits to respondents' salons, nor are other stated changes in body size, configuration or weight possible in the specified periods of time.

7. Respondents do not operate a nationwide chain of reducing salons with facilities in most major cities of the United States.

8. Respondents do not use completely new methods for figure reducing.

9. Respondents' methods have neither been thoroughly nor scientifically tested, nor approved by experts or physicians.

10. It is not possible for every patron to attain a perfect figure through respondents' programs.

11. Respondents' programs are not necessarily helpful to persons with back trouble or other medical problems and may actually be detrimental to such persons. The programs are not a substitute for proper medical treatment by physicians and other qualified personnel.

12. Respondents' treatments will not give patrons more energy; in fact, the diet required of most patrons may result in a decrease of energy.

13. Partial disrobing is necessary during measuring.

14. A "treatment" consists of a half hour on respondents' equipment. Patrons are usually required by respondents to use two or more such treatments per visit.

15. Patrons utilizing the accelerated program do not usually achieve desired results in half the time it would take under the regular program.

16. Nowhere near 85 percent of respondents' patrons, but substantially less than such percentage, choose the accelerated program.

Complaint

81 F.T.C.

17. Respondents' patrons are required to sign a contract obligating them to a lengthy program of treatments and payments. Individual treatments cannot be purchased from respondents.

18. Respondents' programs are not necessarily the least expensive method of figure reduction. A medically prescribed diet and exercise program is less expensive in most cases.

19. Respondents do not hold applications pending further confirmation by prospective customers or approval by their husbands, but process said applications immediately and attempt to impose contractual liability on said prospective customers.

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

PAR. 8. Respondents, Nu Dimensions International, Ltd. and New Dimensions, Ltd., by means of oral statements and representations of their salesmen and representatives, have misrepresented and/or failed to disclose:

1. The identity, nature and terms of documents which customers are required to sign.

2. The existence, nature and terms of a required downpayment.

3. The circumstances under which programs may be terminated.

PAR. 9. Respondents have represented that customers would obtain "guaranteed results" without adequately disclosing (1) the nature and extent of the guarantee, (2) conditions and limitations on the guarantee, (3) which programs are guaranteed, (4) the duration of the guarantee, and (5) the manner in which the guarantor will perform.

PAR. 10. Respondents have represented to patrons directly or by implication in documents and oral statements, and in letters and papers sent to patrons through the United States mails, that Alan Acceptance Corporation and/or International Acceptance Company are holders in due course of instruments executed by patrons, and have certain legal rights as a result thereof.

PAR. 11. In truth and in fact, none of the respondents become holders in due course of any instruments executed by purchasers of figure improvement programs. Therefore, the statements and representations as set forth in Paragraph Ten were and are false, misleading and deceptive.

PAR. 12. In the course and conduct of their aforesaid business and at all times mentioned herein respondents have been and now are in substantial competition in commerce, with corporations, firms and individuals engaged in the same general kind and nature of business as that engaged in by the respondents.

PAR. 13. The use by the respondents of the aforesaid false, misleading and deceptive statements, representations and practices has had, and does now have, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that such advertisements and representations were and are true, and into the purchase of substantial numbers of respondents' figure improvement programs by reason of said erroneous and mistaken beliefs, and into the payment of certain monies to respondents which might otherwise have been disputed.

PAR. 14. 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.

COUNT II

Alleging violations of the Truth in Lending Act and Regulation Z, the allegations of Paragraphs Two and Three are incorporated by reference in Count II as if fully set forth verbatim.

PAR. 15. In the ordinary course of their business as aforesaid, respondents regularly extend consumer credit and arrange for the extension of consumer credit, as "consumer credit" and "arrange for the extension of consumer credit" are 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. 16. Subsequent to July 1, 1969, in the ordinary course of their business as aforesaid, and in connection with their credit sales, as "credit sale" is defined in Regulation Z, respondents have caused and are causing their customers to enter into contracts for the sale of respondents' services. On these contracts and on separate disclosure statements, hereinafter referred to as "the contract" and "the statements" respondents provide and have provided certain consumer credit cost information. Respondents do not provide and have not provided these customers with any other consumer credit cost disclosures.

By and through use of the contract and statement, respondents:

1. Fail to disclose the "cash price" which is the price at which respondents offer, in the regular course of business, to sell for cash the services which are the subject of the credit sale, as required by Section 226.8(c)(1) of Regulation Z.

2. Fail to disclose the "finance charge" which is the sum of all

charges required by Section 226.4 of Regulation Z to be included therein, as required by Section 226.8(c)(8)(i) of Regulation Z.

3. Fail to disclose the "annual percentage rate," calculated in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.

PAR. 17. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof, respondents have thereby violated 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 Seattle 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, now in further conformity with the procedures 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. Proposed respondent Nu Dimensions International, Ltd. and Alan Acceptance Corporations are corporations organized, existing and doing business under and by virtue of the laws of the State of Washington, with their office and principal place of business located at 1628 Ninth Avenue, Seattle, Washington.

Proposed respondent New Dimensions, Ltd. is a corporation organized, existing and doing business under and by virtue of the laws of

793

Decision and Order

the State of Oregon, with its principal place of business located at 1969 N.E. 42nd Avenue, Portland, Oregon.

Proposed respondents Allan A. Turner and Cindy Young are officers of said corporations. They formulate, direct and control the policies, acts and practices of all three corporate respondents, and their address is the same as that of Nu Dimensions International, Ltd. and Alan Acceptance Corporation.

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 Nu Dimensions International, Ltd. and New Dimensions, Ltd., corporations doing business as Nu Dimensions Figure Salons, International Acceptance Company or under any other name or names, and Alan Acceptance Corporation, a corporation, and their officers, and Allan A. Turner and Cindy Young, individually and as officers of said corporations, and respondents' successors, assigns, agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with the advertising, offering for sale, or sale of figure improvement programs or other services or articles in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Making representations, in advertisements or otherwise, purporting to offer for sale minimal cost programs or any other program or service when the purpose of the representation is not to sell the offered program or service but to obtain leads or prospects for the sale of other programs or services at higher prices.

2. Discouraging the purchase of or disparaging in any manner any advertised reducing program.

3. Representing, directly or by implication, that any services are offered for sale when such offer is not a bona fide offer to sell the advertised service.

4. The use of any company policy, sales plan or method of compensation for any agent, representative or employee which has the effect in any manner of discouraging them from selling advertised programs or penalizing them upon sale of advertised programs.

5. Representing, directly or by implication, that the price charged for any reducing program or service is a special or reduced price unless such price represents a significant reduction from an established selling price at which such program or service has been sold with substantial frequency by respondents in the recent regular course of their business; or misrepresenting, in any manner, the amount of savings available to purchasers or prospective purchasers of respondents' reducing programs.

6. Representing, directly or by implication, that a price increase is imminent unless the amount and effective date of such increase have been definitely determined in advance and such increase takes place on the date determined.

7. Falsely representing, directly or by implication, that new enrollees who do not sign up for a program at the time of their figure analysis are regularly and customarily charged an additional fee or lose a discount which would otherwise be available.

8. Misrepresenting, directly or by implication, that the availability of any service, specially priced program, free treatments or other inducement for enrollment is limited in time or otherwise; or failing to disclose completely and accurately in immediate conjunction with any represented promotional inducement all conditions and limitations on its availability.

9. Advertising or otherwise quoting the price of a "treatment," unless a disclosure is made in immediate conjunction therewith that each salon visit normally consists of two or more treatments.

10. Representing, directly or by implication, that:

A. Respondents' programs are effective in reducing body weight or dimensions, unless respondents disclose in immediate conjunction therewith that said programs include a required diet.

B. Respondents' passive equipment will (1) stimulate circulation, (2) correct posture, (3) tone and firm human tissue, including muscles, or (4) induce weight loss or loss of inches by any means; unless such representation is fully substantiated by controlled scientific tests conducted by independent experts, and the results are available for inspection by the general public.

C. Respondents' programs will cause any stated change in body size, configuration or weight in any specified period of time, unless:

(1) Such representation is fully substantiated by controlled scientific tests conducted by independent experts,

and the results are available for inspection by the general public, or

(2) The representation is made solely in the course of the offering or implementation of a guarantee in conformity with the following subparagraph, if applicable, and with Paragraph 18 of this order.

D. Respondents' program will take off inches, or that any inch loss is guaranteed, unless:

(1) All measurements are made with non-stretch tape equipped with a tension meter and a uniform tightness is used;

(2) Horizontal rather than diagonal measurements are taken on body parts positioned in a uniform manner, except that diagonal measurements at angles constant for each individual patron may be taken of the upper arms and outer thighs;

(3) All measurements are taken at specified distances from designated reference points (such as 2 inches below the navel), such distances to be constant for each individual patron;

(4) A copy of the standard tension and applicable distances, angles and body reference points is given to the prospective patron before she is measured; and

(5) Any advertisement referring to inch loss identifies each area of the body from which such loss is or will be measured.

E. Any or all of respondents' patrons can attain a perfect figure.

F. Respondents' reducing methods:

(1) are new or unique,

(2) are thoroughly or scientifically tested or approved by experts or physicians, unless and until such statements become true,

(3) will give patrons more energy, or

(4) are beneficial or have therapeutic value to persons with medical problems.

G. Respondents' programs involve no disrobing, unless it is disclosed at the same time that partial disrobing may be necessary for measurement, or unless the representation is clearly limited to use of respondents' passive equipment.

H. Respondents' program is the least expensive method of figure reduction.

I. Respondents operate salons in more than three States of the United States or in other countries, unless and until such statements become true.

J. Respondents' programs do not involve "memberships" or long-term contractual obligations, or that patrons can purchase respondents' services on a per-treatment basis; unless respondents manifestly permit patrons to purchase individual treatments without contractual obligations for more.

K. A majority, 85 percent or any other proportion of respondents' patrons choose the accelerated program, unless such proportion is verified by respondents' enrollment records.

L. Respondents' accelerated program achieves desired results in half the time it would take under the regular program, or at any other rate, unless such representation is verified by respondents' records.

11. Using any advertising, sales plan or procedure involving the use of false, deceptive or misleading statements or representations for the purpose of obtaining leads or prospects for the sale of reducing programs.

12. Failing, in connection with the sale of any program or service at a price exceeding \$25, to:

A. Include clearly and conspicuously on the face of the contract or other legally binding document the following statement:

NOTICE

You are entitled to a trial period of two (2) visits within the next five (5) business days, excluding the date and visit during which you sign up for a program. Accordingly, you may cancel this contract for any reason by certified mail, return receipt requested, or telegram sent within five (5) business days after the date of this contract or within twenty-four hours after the second visit, whichever occurs earlier. Such notification of cancellation should be addressed to Nu Dimensions at (*current mailing address must be stated*). Upon such cancellation, you will be entitled to a prompt pro rata refund except for a cancellation fee not to exceed \$15 or 10% of the cash price, whichever is less.

B. Orally inform the prospective patron, before she enrolls, of the trial period and cancellation rights prescribed by subparagraph A above.

C. Cancel the contract of any patron who requests cancellation in accordance with the provisions of subparagraph A above; and mail to each such patron, within ten (10) business days of receipt of said request, a refund in accordance with said subparagraph.

13. Failing to disclose clearly, conspicuously, completely and accurately, both orally and in writing, before enrolling any person in any program:

A. The nature of respondents' programs, equipment and required diets.

B. That prospective patrons with health problems or who are under a doctor's care should consult their physician to be sure that respondents' programs are not incompatible with figure control or other health plans prescribed by such physician.

C. That the patron may terminate her program and obtain a pro rata refund of any monies paid, upon either (1) tender of a letter from her physician stating clearly and unequivocally that participation in respondents' program would be hazardous to her health and setting forth in detail the medical reasons for such opinion, or (2) permanently moving to a residence located beyond a 25 mile radius of all figure salons operated by respondents, or in an area so geographically isolated from such salons that travel thereto would be unreasonably burdensome.

14. Failing to terminate the contract of any patron who requests termination pursuant to subparagraph C of Paragraph 13; and failing to mail, within ten (10) business days of receipt of said request, a pro rata refund in accordance with said subparagraph.

15. Failing to provide each customer a copy of each contract, note or other instrument of indebtedness executed by or on behalf of such customer; and failing to include clearly and conspicuously in the face of all such documents:

A. A statement that the document is a contract and will become legally binding upon said customer upon its acceptance by the respondents.

B. All terms and conditions of such document.

C. The following statement:

NOTICE

Any holder takes this instrument subject to the terms and conditions of the contract which gave rise to the debt evidenced hereby, any contractual provision or other agreement to the contrary notwithstanding.

16. Misrepresenting in any manner, directly or by implication:

A. The conditions under which a contract may be cancelled.

B. That any of respondents or their successors or assigns are holders in due course of any notes, contracts or other documents executed by respondents' customers.

C. That a customer's account has been turned over to an attorney or an independent organization engaged in the business of collecting past-due accounts.

17. Assigning, selling or otherwise transferring notes, contracts or other documents evidencing a purchaser's indebtedness, unless any rights or defenses which the purchaser has and may assert against respondents are preserved and may be asserted against any assignee or subsequent holder of such note, contract or other documents evidencing the indebtedness.

18. Advertising or representing in any manner, directly or by implication, that any of respondents' reducing programs or other services or articles are guaranteed unless:

A. Respondents disclose clearly, adequately and accurately in immediate conjunction therewith:

- (1) The nature and extent of the guarantee,
- (2) The conditions and limitations on the guarantee,
- (3) Which programs are guaranteed,
- (4) The duration of the guarantee,
- (5) The manner in which the guarantor will perform;

and

B. Respondents promptly and fully perform all of their obligations and requirements, directly or impliedly represented, under the terms of each such guarantee; and

C. Respondents honor the guarantees of all patrons who have substantially complied with the conditions of their guarantee, allowing flexibility for sickness and vacations.

It is further ordered, That respondents maintain at all times complete records relative to the manner and form of their compliance, during the immediately preceding twelve-month period, with the above terms and provisions of this order. Such records shall include copies of all advertising, and shall indicate with respect to each sale the type of program and/or service, the price charged for such program and/or service, the terms of each such program or service and the name and address of each purchaser thereof.

II

It is further ordered, That respondents, Nu Dimensions International, Ltd. and New Dimensions, Ltd., corporations doing business as Nu Dimensions Figure Salons, International Acceptance Company

or under any other name or names, and Alan Acceptance Corporation, a corporation, and their officers, and Allan A. Turner and Cindy Young, individually and as officers of said corporations, and respondents' successors, assigns, agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with any extension of consumer credit or 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 C.F.R. § 226) of the Truth in Lending Act (Pub. L. 90-321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

A. Failing to disclose the "cash price" which is the price at which respondents offer, in the regular course of business, to sell for cash the services which are the subject of the credit sale, as required by Section 226.8(c)(1) of Regulation Z.

B. Failing to disclose the sum of all charges made to the customer which are required by Section 226.4 of Regulation Z to be included in the finance charge, and to describe that sum as the "finance charge," as required by Section 226.8(c)(8)(i) of Regulation Z.

C. Failing to disclose the annual percentage rate, calculated in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.

D. Failing, in any consumer credit transaction or advertisement, to make all disclosures, determined in accordance with Sections 226.4 and 226.5 of Regulation Z, at the time and in the manner, form and amount required by Sections 226.6, 226.8, and 226.10 of Regulation Z.

It is further ordered, That respondents shall forthwith deliver a copy of this order to cease and desist to each operating division, to all present and future franchisees and licensees, and to all personnel of respondents now or hereafter engaged in the offering for sale, or sale of respondents' services, or in the collection of patrons' accounts, in the consummation of any extension of consumer credit, or in any aspect of preparation, creation or placing of advertising; and that respondents secure from each such person a signed statement acknowledging receipt of said order.

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

Complaint

81 F.T.C.

It is further ordered, That the respondents shall, within sixty (60) days after service upon them of this order, file with the Commission a written report setting forth in detail the manner and form of their compliance with this order.

IN THE MATTER OF

H.B.A. FUR CORP., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION AND THE FUR PRODUCTS LABELING ACTS

Docket C-2319. Complaint, Nov. 20, 1972—Decision, Nov. 20, 1972

Consent order requiring a New York City furrier, among other things to cease misbranding and falsely and deceptively invoicing its fur products.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Fur Products Labeling Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that H.B.A. Fur Corp., a corporation, and Leopold Armer, Irving Himelfarb and Harold Frishman, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and the rules and regulations promulgated under the Fur Products Labeling 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 H.B.A. Fur Corp., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

Respondents Leopold Armer, Irving Himelfarb and Harold Frishman are officers of the corporate respondent. They formulate, direct and control the policies, acts and practices of the corporate respondent including those hereinafter set forth.

Respondents are manufacturers and wholesalers of fur products with their office and principal place of business located at 350 Seventh Avenue, New York, New York.

PAR. 2. Respondents are now and for some time last past have been engaged in the introduction into commerce, and in the sale, advertising, and offering for sale in commerce, and in the transportation and distribution in commerce, of fur products; and have manufac-

tured for sale, sold, advertised, offered for sale, transported and distributed fur products which have been made in whole or in part of furs which have been shipped and received in commerce, as the terms "commerce," "fur" and "fur products" are defined in the Fur Products Labeling Act.

PAR. 3. Certain of said fur products were misbranded in that they were falsely and deceptively labeled to show that fur contained therein was natural, when in fact such fur was pointed, bleached, dyed, tip-dyed, or otherwise artificially colored, in violation of Section 4(1) of the Fur Products Labeling Act.

PAR. 4. Certain of said fur products were misbranded in that they were not labeled as required under the provisions of Section 4(2) of the Fur Products Labeling Act and in the manner and form prescribed by the rules and regulations promulgated under such Act.

Among such misbranded fur products, but not limited thereto, were fur products with labels which failed to disclose that the fur contained in the fur products was bleached, dyed, or otherwise artificially colored, when such was the fact.

PAR. 5. Certain of said fur products were falsely and deceptively invoiced by the respondents in that they were not invoiced as required by Section 5(b)(1) of the Fur Products Labeling Act and the rules and regulations promulgated under such Act.

Among such falsely and deceptively invoiced fur products, but not limited thereto, were fur products covered by invoices which failed to disclose that the fur contained in the fur products was bleached, dyed, or otherwise artificially colored, when such was the fact.

PAR. 6. Certain of said fur products were falsely and deceptively invoiced in that certain of said fur products were invoiced to show that the fur contained therein was natural when in fact such fur was pointed, bleached, dyed, tip-dyed, or otherwise artificially colored, in violation of Section 5(b)(2) of the Fur Products Labeling Act.

PAR. 7. Respondents furnished false guaranties under Section 10(b) of the Fur Products Labeling Act with respect to certain of their fur products by falsely representing in writing that respondents had a continuing guaranty on file with the Federal Trade Commission when respondents in furnishing such guaranties had reason to believe that the fur products so falsely guaranteed would be introduced, sold, transported and distributed in commerce, in violation of Rule 48(c) of said rules and regulations under the Fur Products Labeling Act and Section 10(b) of said Act.

PAR. 8. The aforesaid acts and practices of respondents as herein alleged, are in violation of the Fur Products Labeling Act and

the rules and regulations promulgated thereunder and constitute unfair methods of competition and unfair and deceptive acts and practices in commerce under 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 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 Fur Products Labeling Act; and

The respondent 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 has reason to believe that the respondents have violated the said Acts, 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 records 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, makes the following jurisdictional findings, and enters the following order:

1. Respondent H.B.A. Fur Corp., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York with its office and principal place of business located at 350 Seventh Avenue, New York, New York.

Respondents Leopold Armer, Irving Himelfarb and Harold Frishman are officers of said corporation. They formulate, direct and control the policies, acts and practices of said corporation and their address is the same as that of said corporation.

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 H.B.A. Fur Corp., a corporation, its successors and assigns, and its officers, and Leopold Armer, Irving Himelfarb and Harold Frishman, individually and as officers of said corporation, and respondents' representatives, agents and employees, directly or through any corporation, subsidiary, division, or other device in connection with the introduction, or manufacture for introduction, into commerce, or the sale, advertising or offering for sale in commerce, or the transportation or distribution in commerce, of any fur product; or in connection with the manufacture for sale, sale, advertising, offering for sale, transportation or distribution, of any fur product which is made in whole or in part of fur which has been shipped and received in commerce, as the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act, do forthwith cease and desist from:

A. Misbranding any fur product by:

1. Representing directly or by implication on a label that the fur contained in such fur product is natural when such fur is pointed, bleached, dyed, tip-dyed, or otherwise artificially colored.
2. Failing to affix a label to such fur product showing in words and in figures plainly legible all of the information required to be disclosed by each of the subsections of Section 4(2) of the Fur Products Labeling Act.

B. Falsely or deceptively invoicing any fur product by:

1. Failing to furnish an invoice, as the term "invoice" is defined in the Fur Products Labeling Act, showing in words and figures plainly legible all the information required to be disclosed by each of the subsections of Section 5(b) (1) of the Fur Products Labeling Act.
2. Representing directly or by implication on an invoice that the fur contained in such fur product is natural, when such fur is pointed, bleached, dyed, tip-dyed, or otherwise artificially colored.

It is further ordered, That H.B.A. Fur Corp., a corporation, its successors and assigns, and its officers, and Leopold Armer, Irving Himelfarb and Harold Frishman, individually and as officers of said corporation, and respondents' representatives, agents and employees, directly or through any corporation, subsidiary, division, or other device, do forthwith cease and desist from furnishing a false guaranty that any fur product is not misbranded, falsely invoiced or falsely advertised when the respondents have reason to believe that such fur

product may be introduced, sold, transported, or distributed in commerce.

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 the individual respondents named herein promptly notify the Commission of the discontinuance of their present business or employment and of their affiliation with a new business or employment. Such notice shall include respondents' current business address and a statement as to the nature of the business or employment in which they are engaged as well as a description of their duties and responsibilities.

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

It is further ordered, That respondents 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.

IN THE MATTER OF

STARK, ROSCHELLE & ALCHAS, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION AND THE FUR PRODUCTS LABELING ACTS

Docket C-2320. Complaint, Nov. 20, 1972—Decision, Nov. 20, 1972

Consent order requiring a New York City furrier, among other things to cease misbranding and falsely invoicing its fur products.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Fur Products Labeling Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Stark, Roschelle & Alchas, Inc., a corporation, and David Roschelle, Eugene Stark and George Alchas, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and the rules and regulations