

LEAR SIEGLER, INC.

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

Docket C-2457. Complaint, Sept. 24, 1973—Decision, Sept. 24, 1973.

Consent order requiring a Santa Monica, California, manufacturer of safety helmets and other products, among other things to cease making unsubstantiated claims regarding the safety and/or superiority of its polycarbonate motorcycle helmets. Respondent is further required to send to each of its customers a sufficient quantity of new cartons to replace those cartons bearing the statement "World's Finest Helmet" in their possession and to reimburse its customers for their expenses incurred in repacking the helmets in the new cartons.

Appearances

For the Commission: *David Middaugh.*

For the respondent: *Henry C. Thumann, O'Melveney & Myers*, Los Angeles California.

COMPLAINT

The Federal Trade Commission, having reason to believe that Lear Siegler, Inc., a corporation, hereinafter sometimes referred to as respondent, has violated and is now violating Section 5 of the Federal

Trade Commission Act, and that a proceeding in respect thereof would be in the public interest, hereby issues its complaint, stating its charges as follows:

PARAGRAPH 1. Respondent Lear Siegler, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 3171 South Bundy Drive, Santa Monica, California.

PAR. 2. Respondent is now, and for some time last past has been, engaged in the manufacture, advertising, offering for sale, sale and distribution of safety helmets and other products.

PAR. 3. In the course and conduct of its business, respondent now causes, and for some time last past has caused its various products, including safety helmets, to be shipped from its plants and facilities in various States of the United States to distributors and retailers located in various other States of the United States and in Canada. Respondent maintains, and at all times mentioned herein has maintained, a substantial and continuous course of trade in such products, including safety helmets, in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of its business as aforesaid, respondent has made and caused to be made, and continues to make and cause to be made, in advertising and on cartons in which its safety helmets are sold and offered for sale to the general public, certain statements and representations with respect to the purported safety qualities and/or superiority of said helmets. Said statements and representations include the following statement, displayed prominently on the cartons of respondent's El Dorado 77 polycarbonate shell safety helmets: "World's Finest Helmet."

PAR. 5. By and through the use of the aforesaid statement, and others of similar import and meaning but not expressly set out herein, respondent has represented and is now representing directly or by implication that its said safety helmets are superior to all other safety helmets with respect to quality and safety.

PAR. 6. In truth and in fact, respondent's aforesaid safety helmets were not and are not superior to all other safety helmets with respect to quality and safety. In fact, no safety helmet with a shell of polycarbonate construction has, as of the present date, passed certain recognized safety tests which helmets with shells constructed of different materials have passed. Therefore, the statements and representations set out in Paragraphs Four and Five hereof were and are false, misleading and deceptive.

PAR. 7. The use by respondent of the aforesaid false, misleading, unfair and deceptive statements, representations, acts and practices has had, and now has, the tendency and capacity to mislead and deceive members of the public into the purchase of substantial quantities of respondent's helmets under the erroneous and mistaken belief that said statements and representations were and are true.

PAR. 8. In the course and conduct of its business, and at all times mentioned herein, respondent has been and now is in substantial competition, in commerce, with corporations, firms, and individuals engaged in the sale and distribution of safety helmets of the same general kind and nature as those sold by respondent.

PAR. 9. The aforesaid acts and practices of respondent as herein alleged were and are all to the prejudice and injury of the public and of respondent's competitors and constituted, and now constitute, unfair and deceptive acts and practices in commerce and unfair methods of competition 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 respondent named in the caption hereof, and the respondent 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 respondent with violation of the Federal Trade Commission Act; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent 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 respondent 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 respondent has violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission

Decision and Order

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hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Lear Siegler, Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 3171 South Bundy Drive, Santa Monica, California.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

It is ordered, That Lear Siegler, Inc., a corporation, its successors and assigns, and its officers, agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, shall forthwith cease and desist from representing orally, in writing, visually or in any other manner, directly or by implication that:

1. Its polycarbonate motorcycle helmets are the finest, safest, or best motorcycle helmets;

2. Any product presently manufactured or manufactured in the future by Bon-Aire Division of Lear Siegler, for as long as such product is manufactured by Bon-Aire or any other division or subsidiary of Lear Siegler, is comparable or superior to any other product with respect to safety or has met or passed any safety standard or test;

Provided however, Such representations may be made if they are fully substantiated by competent, controlled scientific tests conducted by experts, the results of which are available for inspection by the general public.

It is further ordered, That respondent shall forthwith send by certified mail return receipt requested to each of its customers, including wholesalers, distributors and retailers that have purchased motorcycle helmets packaged in cartons bearing the statement "World's Finest Helmet" or words of similar import and meaning, a sufficient quantity of new cartons to replace those cartons bearing the statement "World's Finest Helmet" in the possession of respondent's customers. Respondent shall also send, together with the new cartons, instructions that:

1. The new cartons are to replace cartons bearing the statement "World's Finest Helmet;"

2. Respondent will reimburse its customers for their reasonable

expenses incurred in repacking the motorcycle helmets in the new cartons;

3. Respondent's customers are requested to send new cartons and instructions to their customers, if their customers possess respondent's helmets in cartons bearing the statement "World's Finest Helmet" for purposes of sale, directly or indirectly, to the public. These materials will be furnished by respondent;

4. The old cartons are to be destroyed; and

5. Respondent is taking this action pursuant to a consent agreement with the Federal Trade Commission.

Respondent shall also send a follow-up letter to its customers to ascertain the extent of their compliance with the above-stated instructions.

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

It is further ordered, That respondent shall forthwith distribute, to each of the wholesale customers of Bon-Aire Division of Lear Siegler, a copy of this order and the accompanying complaint.

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

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

IN THE MATTER OF

ROYAL INDUSTRIES, INC.

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

Docket C-2458. Complaint, Sept. 24, 1973—Decision, Sept. 24, 1973.

Consent order requiring a Pasadena, California, manufacturer and seller of safety helmets and other products, among other things to cease making unsubstantiated claims regarding the safety and/or superiority of its Grant polycarbonate helmets. Further, respondent is required to (1) recall and retrieve all promotional material containing such statements as "World's Finest Hel-