

FEDERAL TRADE COMMISSION ACT

Docket C-2464. Complaint, Oct. 4, 1973—Decision, Oct. 4, 1973.

Consent order requiring a New Orleans, Louisiana, real estate developer, among other things to cease representing that structures, facilities, or other improvements are in existence on any of respondent's land, when, in fact, none exist.

Appearances

For the Commission: *Donald M. VanWart.*

For the respondent: *Benjamin B. Sannders, Huddleston & Davis, New Orleans, La.*

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 Urban Redevelopment, Inc., a corporation, hereinafter referred to as respondent, has 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. The respondent Urban Redevelopment, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Louisiana with its principal office and place of business located at 225 Baronne Street, New Orleans, Louisiana.

PAR. 2. Respondent, using the name Chateau Estates, is now and for some time in the past has been engaged in the advertising, offering for sale and sale of real estate located in Kenner, Louisiana, to the purchasing public.

PAR. 3. In the course and conduct of its business, respondent has been, and is engaged in disseminating and causing to be disseminated in newspapers of interstate circulation, and in television broadcasts of interstate transmission, advertisements designed and intended to induce sales of its real estate. The amount expended by respondent upon such advertising is substantial.

PAR. 4. Among and typical, but not all inclusive of the statements appearing in the advertisements described in Paragraph Three are the following:

Chateau Estates is Renaissance, a rewarding experience. Majestic fountains and tumbling waterfalls play over a lush forest and gardens. Though only minutes away from central New Orleans, and many shopping areas, Chateau Estates is another world, where hurry and stress are unknown. 1973, July. A magnificent golf course, comparable to the world's most challenging fairways, offers eighteen holes surrounded by capricious hazards, lakes and sand entrapments. These grounds were constructed with the devoted player in mind by greens planner, Everett Alleman. David Nelson, the Resident Professional, already enjoys a high reputation among golfers. The glorious olympic pool gives plenty of elbow room to swimmers while at poolside, the perpetual golfer can leisurely line up practice shots on the putting green. Numerous tennis courts offer ample opportunity to achieve top form. After the gaming, luxurious spas are available with revitalizing saunas and massages for the weary sportsmen and their ladies. The spas also house enough exercise equipment for everybody to become beautiful. 1973, September. The Chateau's Country Club is French Renaissance in opulence and design, containing a palatial grand ballroom that recalls the lavish

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entertainment of the era. From the kitchen emanate tantalizing smells as the chef prepares delectable food. The diners of Chateau Estates will appreciate the swift, elegant service. Intimate dining rooms, banquet halls, the cocktail lounge and grill are all places of stimulating atmosphere. Full time catering delivers assorted delicacies to the door for private entertainment.

PAR. 5. By and through the use of the above quoted statements and representations, 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:

1. Chateau Estates has existing fountains, existing waterfalls, and an existing forest and gardens.
2. Chateau Estates has an existing 18 hole golf course.
3. Chateau Estates has an existing olympic pool.
4. Chateau Estates has existing tennis courts.
5. Chateau Estates has existing saunas and spas.
6. Chateau Estates has an existing country club, containing an existing grand ballroom, an existing kitchen, and an existing cocktail lounge.

PAR. 6. In truth and in fact:

1. Chateau Estates does not have existing fountains and existing waterfalls, nor does it have an existing forest and gardens.
2. Chateau Estates does not have an existing 18 hole golf course.
3. Chateau Estates does not have an existing olympic pool.
4. Chateau Estates does not have existing tennis courts.
5. Chateau Estates does not have existing saunas and spas.
6. Chateau Estates does not have an existing country club containing existing grand ballroom, existing kitchen, and an existing cocktail lounge.

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

PAR. 7. The 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 to enter into agreements to purchase substantial amounts of real estate by reason of said erroneous and mistaken belief.

PAR. 8. The aforesaid acts and practices of respondents, as herein alleged, were and are all to the prejudice and injury of the

public and constituted, and now constitute, unfair and 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 respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the New Orleans 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 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. Respondent Urban Redevelopment, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Louisiana, with its principal office and place of business located at 225 Baronne Street, New Orleans, Louisiana.

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 respondent Urban Redevelopment, Inc., a corporation, and respondent's agents, representatives, employees, successors and assigns, directly or through any corporation, sub-

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sidiary, division or other device, in connection with the offering for sale, sale or distribution of real estate, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

Representing by any means, directly or by implication that any structures, facilities or other improvements are presently in existence on any of respondent's land or in any of respondent's real estate developments when such structures, facilities or other improvements do not presently exist; *Provided however*, That this order shall not be construed to prevent the description of proposed and planned structures, facilities or other improvements where such description clearly and conspicuously discloses that such structures, facilities or improvements are not presently in existence and further, as part of the description, discloses the reasonably expected completion date for such structures, facilities or improvements.

It is further ordered, That respondent or its successors or assigns 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 corporate respondent which may affect compliance obligations arising out of this order.

It is further ordered, That the respondent distribute a copy of this order to all firms and individuals involved in the preparation, creation, or placing of advertising of respondent's real estate.

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

IN THE MATTER OF

GENERAL MILLS, INC.

DISMISSAL ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF SEC. 7 OF THE CLAYTON ACT AND THE FEDERAL TRADE COMMISSION ACT

Docket 8836. Complaint, Feb. 16, 1971—Order & Opinion, Oct. 5, 1973.

Order dismissing complaint against a Minneapolis, Minn. producer of packaged consumer foods which was alleged to have violated Section 7 of the Clayton Act and Section 5 of the Federal Trade Commission Act,