

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

IN THE MATTER OF
DESIGN INTERNATIONAL CORPORATION, ET AL.
CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION
OF THE FEDERAL TRADE COMMISSION ACT

Docket C-2495. Complaint, Mar. 19, 1974—Decision, Mar. 19, 1974

Consent order requiring a Boston, Mass., promoter of the "Medical Implant Hair Replacement System," among other things to cease misrepresenting that its "System" does not involve wearing a hairpiece or toupee; that the device becomes a part of the anatomy like natural hair, has characteristics of natural hair, and can be cared for by the individual without professional or skilled assistance or additional costs. The order further requires clear and conspicuous disclosures involving surgical procedure, discomfort and pain, risk of infection, skin disease and scarring, continuing special care which may involve additional costs; prior consultation with a physician; and right of rescission of contracts.

Appearances

For the Commission: *Harold F. Moody.*

For the respondents: *Pro se.*

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 Design International Corporation, a corporation, doing business as Design International Hair Clinics and Louis S. Gordon, individually and as an officer of said corporation, 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 Design International Corporation is a corporation, organized, existing and doing business under and by virtue of the laws of the Commonwealth of Massachusetts with its principal office and place of business located at 132 Boylston Street, Boston, Mass.

Respondent Louis S. Gordon is an officer of the corporate respondent. He formulates, directs and controls the acts and practices of the corporate respondent including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been engaged in the operation of the Design International Hair Clinics and promote on their own behalf, among others, the Medical Implant Hair Replacement System, (hereinafter sometimes referred to as the "System"). The system involves a surgical procedure whereby a stainless steel thread, treated with Teflon, is used to stitch from five to nine hollow metal cylinders or clips onto the scalps of respondents' customers. A polyethylene gridwork base, to which wefts of hair have been sewn, is then affixed to the cylinders or clips.

Design International Hair Clinics (hereinafter sometimes referred to as Clinics) sell and maintain the system, except that the surgical procedure itself is performed by a medical doctor and the attachment of the gridwork base with hair affixed thereto is performed by another hair replacement company.

Subsequent to the attachment, Clinics cuts, styles and maintains the system.

PAR. 3. In the course and conduct of their business, respondents promote the system by advertising in newspapers of general circulation which are distributed across state lines, and by mailing promotional literature to prospective customers who respond to such advertising. As a result of such newspaper advertising, and literature mailing, respondents have maintained a substantial course of trade in commerce, as "commerce" is used in Sections 5 and 12 of the Federal Trade Commission Act, and as a result of such newspaper advertising and mailing of promotional literature, have disseminated and cause to be disseminated false advertisements by United States mails, within the meaning of Section 12(a)(1) of the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their business, and for the purpose of inducing the purchase of the Medical Implant Hair Replacement System, respondents, directly have made numerous statements and representations in advertisements inserted in newspapers of general circulation and in other promotional literature. Typical of the statements and representations contained in said advertisements and promotional literature, but not all inclusive, are the following:

1410 FEDERAL TRADE COMMISSION DECISIONS

Complaint

83 F.T.C.

An Unconditionally Guaranteed Implant
OUR PROVEN METHOD IS MEDICALLY ANALYZED MEDICALLY ACCEPTED
MEDICALLY ATTACHED

* * * * *

SAFE . SECURE . PERMANENT

* * * * *

SWIM IN IT—SHOWER IN IT—EXERCISE IN IT—DANCE IN IT

* * * * *

NOW! AN AMAZING UNIQUE MEDICAL IMPLANT
DISCOVERY JUST LIKE YOUR OWN PERMANENT HAIR
WITHOUT WEAVING OR TRANSPLANTS NO FUSS, NO MUSS, NO GLUE OR
TAPE

* * * * *

No return visits for tightening, taping, knoting

* * * * *

The actual medical work performed is relatively a painless surgical procedure, thus
becoming a part of the clients anatomy—like your own hair again

* * * * *

Implant permits the client to swim underwater, change hair styles—
scratch his own scalp

* * * * *

STORES: OPEN MON

THE COMPLETE MEDICAL PROCEDURE
IS PERFORMED BY A LICENSED PHYSICIAN



OVER 10,000 HAPPY
CONFIDENT CLIENTS SOLD TO DATE

RES: OPEN MONDAY

THE COMPLETE MEDICAL PROCEDURE
PERFORMED BY A LICENSED PHYSICIAN

MEDICAL IMPLANT NEWS

PROVEN



**OUR PROVEN
METHOD IS**
MEDICALLY ANALYZED
MEDICALLY ACCEPTED
MEDICALLY ATTACHED.

NOW IN LESS THAN TWO HOURS— WE, THE
 PIONEERS IN THE HAIR REPLACEMENT FIELD,
 CAN OFFER AN UNCONDITIONALLY GUARAN-
 TEED IMPLANT. THIS METHOD IS NOW COPIED
 WIDELY— BUT NEVER MATCHED BY COM-
 PETITION. WHEN IT COMES TO KNOW HOW,
 YOU MUST AGREE WE'RE #1 — FIRST IN
 WEAVING, FIRST IN ALL DEVELOPMENTS—
 AND THE LARGEST HAIR REPLACEMENT FACIL-
 ITY IN NEW ENGLAND.

OUR WARRANTY COVERS MANY OF THE EXTRAS. AT NO CHARGE TO YOU. NO EXTRA CHARGE FOR ADDITIONAL HAIR. NO EXTRA CHARGE FOR ADDITIONAL GREY. GRADUAL IMPLANTATION METHOD AVAILABLE.

OUR SKILL
ALL FORMS OF REPAIR
PIECES... HAIR WEAVING...
... FUSION...
SAFE • SECURE • PERMANENT
MAJOR CREDIT CARDS ACCEPTED
... HERA

**CALL OR VISIT FOR
FREE INFORMATION
482-6125
426-1375
NO OBLIGATION
OF COURSE**

DESIGN
INTERNATIONAL HAIR CLINICS
Boston St., Boston, Mass. 02116

INTERNATIONAL HAIR CLINIC
132 Boylston St., Boston, Mass. 02116
and FREE information in plain white envelope on
NEWS. MA 7

Name _____
Address _____
State _____
Telephone _____
City _____

22, 1973

SKILLED TECHNICIAN
FORMS OF REPLACEMENT
CES... HAIR WEAVING... AND TRANS.
FUSION...

SAFE • SECURE • PERMANENT

MAJOR CREDIT CARDS ACCEPTED

BY HERA

SKILLED TECHNICIANS
FORMS OF REPLACEMENT
DES. HAIR WEAVING... AND TRANS-
FUSION...
SAFE • SECURE • PERMANENT.
MAJOR CREDIT CARDS ACCEPTED...
BOSTON SUNDAY HERALD ADVERTISER-APRIL 22, 1973

FEDERAL

Romance

OWN A piece of all time
before it's all gone



CALL OR VISIT FOR FREE INFORMATION 482-6125 426-1375 NO OBLIGATION OF COURSE

DESIGN

INTERNATIONAL HAIR CLINGS
125 North Street, Boston, Mass. 02110
Tel: 482-6125

Name _____
Address _____
City _____ State _____ Zip _____

170 MINUTES

90 MINUTES

BEFORE

AFTER

OUR SHAPED TECHNIQUE... ALL TYPES AND STYLES... PRESERVE

BOSTON HERALD AMERICAN-JUNE 18, 1973

PAR. 5. Through the use of the above advertisements, and others of similar import and meaning but not expressly set out herein, respondents have represented directly or by implication that:

1. The Medical Implant Hair Replacement System does not involve wearing a hairpiece, or toupee.

2. The hairpiece applied becomes part of the anatomy like natural hair, teeth, fingernails or skin and has characteristics of natural hair, including the following:

- (a) The same appearance as natural hair upon normal observation and upon extreme close up examination.

- (b) It may be cared for like natural hair, particularly in that actions such as washing, combing, brushing and shampooing may be performed on it in the same manner as might a person with natural hair.

- (c) The wearer may engage in physical activities with as much disregard for his hairpiece as might a person with natural hair.

3. After the system has been applied, the wearer can care for it himself, and will not have to seek professional or skilled assistance in maintaining the system, and that the customer will not incur charges over and above the charge for installing the system.

4. Respondents' products and the system are sold with an unconditional guarantee, without condition or limitation, for an indefinite period of time.

PAR. 6. In truth and in fact,

1. The system does involve the wearing of a hairpiece or toupee, inasmuch as the affixing of the wefts of hair to the polyethylene grid-work base creates what is essentially a hairpiece or toupee.

2. The hairpiece applied does not become part of the anatomy like natural hair, teeth and fingernails. The system involves Teflon coated stainless steel sutures which are stitched into the scalp by a surgical procedure and which may be rejected by the body. The hairpiece differs from natural hair in many respects, including the following:

- (a) It does not have the same appearance as natural hair in a substantial number of instances. It is often discernible as a hairpiece or toupee upon normal observation, and upon extreme close up examination.

- (b) It cannot be cared for like regular hair, but requires special care and handling. Strong pulling on the hair, such as may be expected to occur in washing, combing, brushing and shampooing, can cause pain because of the pressure exerted on the sutures in the scalp, may cause bleeding, and may cause the sutures to pull out. As a consequence, washing the hair and scalp requires extra care. Unless extra care is taken while washing the hair and scalp, foreign particles and dead skin tissue tend to accumulate beneath the base and become a significant

source of irritation. The hair styles into which the hairpiece may be combed or brushed without professional treatments are limited.

(c) The wearer may not engage in physical activities with as much disregard for his hairpiece as might a person with natural hair. The wearer must at all times be careful that the hair does not pull or get pulled, or become tangled, or strained. Discomfort and pain may be caused by common actions, such as rolling the head on a pillow during sleep.

3. The wearer cannot in most instances care for the hairpiece himself; he must seek professional or skilled assistance on many occasions. Medical problems associated with the surgical procedure or the continuing presence of Teflon coated stainless steel thread in the scalp may require subsequent visits to a medical doctor. Wearers having some natural hair under the hair applied by respondents would have to have a haircut at regular intervals and such hair would be difficult to cut without skilled assistance. A substantial additional charge for such services would be incurred. Respondents' applied hair is subject to bleaching in sunlight and other discoloration normally associated with hairpieces, and where the hairpiece has been color-dyed, loss of dye through washing and normal wear; thus replacement wefts of hair or hairpieces are required at intervals in order to maintain a color match with any natural hair the wearer may have. Because of the difficulty in washing the hair and scalp described previously in Paragraph Six, assistance is often required to wash the hair.

4. Respondents' products and the system are not guaranteed without condition or limitation for an indefinite period of time. Such a guarantee as may be provided is subject to numerous terms, conditions, and limitations and it fails to set forth the real nature and extent of the guarantee and the manner in which the guarantor will perform thereunder.

The statements and representations set forth in Paragraphs Four and Five were and are false, misleading and deceptive.

PAR. 7. In the course and conduct of their business, respondents, have represented in advertisements the asserted advantages of their system, as hereinbefore described. Respondents have represented their system to be relatively painless, and in no case have respondents' newspaper advertisements disclosed:

(a) That clients may experience discomfort and pain as a result of the surgical procedure, from the Teflon coated stainless steel sutures themselves, and from pulling normally incident to wearing the hairpiece;

(b) That clients will be subject to the risk of irritation, infection, and skin diseases as a result of the surgical procedure and as a result of the Teflon coated stainless steel thread remaining in the scalp; and

(c) That permanent scarring to the scalp may result from the required surgical procedures, and as a result of the Teflon coated stainless steel thread remaining in the scalp.

The consequences described in this paragraph have in fact occurred, and to a reasonable medical certainty can be expected to occur, and respondents knew, and had reason to know, that they could be expected to occur. Furthermore, the surgical procedure has not been used in conjunction with respondents' system for a sufficient experimental period to determine the extent of seriousness of the above side effects, and whether there are any other side effects, including but not limited to, rejection of the Teflon coated stainless steel thread through the human body's natural rejection process.

Therefore, the advertisements referred to in Paragraph Seven are false and misleading and the acts and practices referred to in said paragraph are unfair and deceptive.

PAR. 8. For the purpose of inducing the purchase of their hair replacement system, respondents entice members of the purchasing public to their clinic with advertisements such as, "How to own a piece of Romance Before it's all gone * * *" and like advertisements to attract members of the purchasing public concerned about their hair loss, and with offers of free information without any obligations. In most cases respondents do not disclose details of their system unless and until a prospect visits their clinic. When members of the purchasing public have visited the clinic, they have been subjected to sales pressure, for the purpose of persuading them to sign a contract for the application of the system, and to make a substantial down payment, without being afforded a reasonable opportunity to consider and comprehend the scope and extent of the contractual obligations involved, the seriousness of the surgical procedure and the possibilities of discomfort, pain, disease, or disfigurement related to the continued presence of the Teflon coated stainless steel thread in the scalp. Persons are urged to sign such contracts and make such down payments, through the use of sales presentations employing the following practice, among others:

Inducing prospects to sign contracts and/or make downpayments before they have consulted a medical doctor and freely and openly discussed with such doctor the medical risks and consequences of the surgical procedure, and of the Teflon coated stainless steel thread being embedded in their scalp. Such consultations typically occur immediately before the commencement of surgery, by which time the client is likely to feel pressured to go through with the application.

Therefore, the advertisements referred to in Paragraph Eight were and are false and misleading, and the acts and practices set forth in such paragraph were and are false and deceptive.

PAR. 9. In the course and conduct of their business, and at all times mentioned herein, respondents have been and are in substantial competition in commerce with corporations, firms, and individuals, in the sale of cosmetics, devices and treatments for the concealment of baldness.

PAR. 10. The use by respondents of the above unfair and deceptive representations and practices has had, and now has, the capacity and tendency to mislead consumers, without affording them reasonable opportunity to consider and comprehend the scope and extent of the contractual obligations involved, or the seriousness of the surgical procedure, and the possibilities of discomfort, pain, disease or disfigurement related thereto, and related to the continual presence of the Teflon coated stainless steel thread in the scalp, or to compare prices, techniques, and devices available from competing corporations, firms, and individuals selling baldness concealment cosmetics, devices, and treatments to the purchasing public.

PAR. 11. The respondents' acts and practices alleged herein are to the prejudice and injury of the purchasing public, and to respondents' competitors, and 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, and false advertisements disseminated by United States mails, and in commerce, in violation of Section 12 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 Boston 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 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 Design International Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Massachusetts with its office and principal place of business located at 132 Boylston Street, Boston, Mass.

Respondent Louis S. Gordon 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.

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 Design International Corporation, a corporation, doing business as Design International Hair Clinics or any other trade name or names, its successors and assigns, and Louis S. Gordon, individually and as an officer of said corporation (hereinafter sometimes referred to as "respondents"), and respondents' officers, 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 any hair replacement product or process involving surgical implants (hereinafter sometimes referred to as the "System"), in commerce, as "commerce" is defined in the Federal Trade Commission Act, or by the United States mails within the meaning of Section 12(a)(1) of the Federal Trade Commission Act, do forthwith cease and desist from representing, directly or by implication:

1. That the system does not involve wearing a device or cosmetic which is like a hairpiece or toupee;
2. That after the system has been applied, the hair applied becomes part of the anatomy like natural hair, teeth, and fingernails and has the following characteristics of natural hair;
 - (a) The same appearance in all applications as natural hair, upon normal observation, and upon extreme close-up examination;
 - (b) It may be cared for like natural hair where care involves possible pulling on the hair;
 - (c) The wearer may engage in physical activity and move-

ment with the same disregard for his hair as he would if he had natural hair.

3. That after the system has been applied, the wearer can care for it himself, and will not have to seek professional or skilled assistance in maintaining the system and that the customer will not incur maintenance costs over and above the cost of applying the system.

4. That respondents' products and the system are guaranteed unless the nature, extent and duration of the guarantee, the identity of the guarantor and the manner in which the guarantor will perform thereunder are clearly and conspicuously disclosed; and unless respondents promptly and fully perform all of their obligations and requirements, directly or impliedly represented, under the terms of each such guarantee.

It is further ordered, That respondents, in advertising and in all oral sales presentations, offering for sale, selling or distributing the system, disclose clearly and conspicuously that:

1. The system involves a surgical procedure resulting in the implantation of Teflon coated stainless steel sutures in the scalp, to which hair is affixed.

2. By virtue of the surgical procedure involving implantation of Teflon coated stainless steel sutures in the scalp, and by virtue of the Teflon coated stainless steel sutures remaining in the scalp, there is a high probability of discomfort and pain, and a risk of infection, skin disease and scarring.

3. The system has been in use for too short a period of time to determine to a reasonable medical certainty the extent or seriousness of the above-described side-effects, or whether there are other side-effects.

4. Continuing special care of the system is necessary to minimize the probabilities and risks referred to in Subparagraph Two of this paragraph, and such care may involve additional costs for medications and assistance.

5. The purchaser is advised to consult with his personal physician about the system before deciding whether to purchase it.

Respondents shall set forth the above disclosures separately and conspicuously from the balance of each advertisement or presentation used in connection with the advertising, offering for sale, sale, or distribution of the system, and shall devote no less than 15 percent of each advertisement or presentation to such disclosures. *Provided however,* That in advertisements which consist of less than ten column inches in newspapers or periodicals, and in radio or television advertisements with a running time of one minute or

less, respondents may substitute the following statement, in lieu of the above requirements:

Warning: This application involves surgery whereby teflon coated stainless steel sutures are placed in the scalp. Discomfort, pain and medical problems may occur. Continuing care is necessary. Consult your own physician.

No less than 15 percent of such advertisements shall be devoted to this disclosure, such disclosure shall be set forth clearly and conspicuously from the balance of each of such advertisements, and if such disclosure is in a newspaper or periodical, it shall be in at least eleven point type.

It is further ordered, That respondents provide prospective purchasers with a separate disclosure sheet containing the information required in the immediately preceding paragraph of this order, Subparagraphs One through Five, thereof, and that respondents require that such prospective purchasers, subsequent to receipt of such disclosure sheet, consult with a duly licensed physician who is not associated, directly or indirectly, financially or otherwise, with the respondents regarding the nature of the surgery to be done, the probabilities of discomfort and pain, and risks of infection, skin disease, and scarring.

It is further ordered, That no contract for application of respondents' system shall become binding on the purchaser prior to midnight of the third day, excluding Sundays and legal holidays, after the day of the purchaser's above-described consultation with a duly licensed physician who is not associated, directly or indirectly, financially or otherwise, with the respondents, or after the day on which said contract for application of the system was executed, whichever day is later, and that:

1. Respondents shall clearly and conspicuously disclose, orally prior to the time of sale, and in writing on any contract, promissory note or other instrument executed by the purchaser in connection with the sale of the system, that the purchaser may rescind or cancel any obligation incurred, by mailing or delivering a notice of cancellation to the office responsible for the sale prior to midnight of the third day, excluding Sundays and legal holidays, after the day of the purchaser's above-described consultation with a duly licensed physician or after the day on which said contract for application of the system was executed, whichever day is later.

2. Respondents shall provide a separate and clearly understandable form which the purchaser may use as a notice of cancellation.

3. Respondents shall not negotiate any contract, promissory note, or other instrument of indebtedness to a finance company or other third party prior to midnight of the fifth day, excluding Sundays and legal holidays, after the day of the purchaser's

above-described consultation with a duly licensed physician, or after the day on which said contract for application of the system was executed, whichever day is later.

4. Respondents shall obtain from each purchaser a certificate signed by the physician who was consulted as required by this order, such certificate specifying that the said physician has explained to the purchaser the nature of the surgery to be done, and has advised him of the probabilities of discomfort and pain, and risks of infection, skin disease and scarring, and specifying the date and approximate time of the consultation; and respondents shall retain all such certificates for three years.

It is further ordered, That respondents serve a copy of this order upon each physician participating in application of respondents' system, and obtain written acknowledgement of the receipt thereof. Respondents shall retain such acknowledgements for so long as such persons continue to participate in the application of respondents' system.

It is further ordered, That respondents 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, licensees, or franchisees, or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That in the event that the corporate respondent merges with another corporation or transfers all or a substantial part of its business or assets to any other corporation or to any other person, said respondent shall require such successor or transferee to file promptly with the Commission a written agreement to be bound by the terms of this order; *Provided,* That if said respondent wishes to present to the Commission any reasons why said order should not apply in its present form to said successor or transferee, it shall submit to the Commission a written statement setting forth said reasons prior to the consummation of said succession or transfer.

It is further ordered, That respondents forthwith distribute a copy of this order to each of their operating divisions, offices, departments or affiliated corporations.

It is further ordered, That respondents shall forthwith deliver a copy of this order to cease and desist to all present and future personnel of respondents engaged in the offering for sale, sale or distribution of respondents' system or in any aspect of preparation, creation or placing of advertising, and that respondents secure a signed statement acknowledging the receipt of said order from each such person.

It is further ordered, That the individual respondent named herein promptly notify the Commission of the discontinuance of his present

business or employment and of his affiliation with a new business or employment. Such notice shall include respondent's current business address and a statement as to the nature of the business or employment in which he is engaged as well as a description of his duties and responsibilities.

It is further ordered, That the 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.
