

Consent order requiring a Berwyn, Ill., retailer and installer of home carpeting, among other things to cease misrepresenting the price at which it will carpet a home and the prices of carpet remnants; that its prices are sale or reduced or that savings will be afforded to purchasers; and to cease its failure to maintain adequate records to support savings claims.

Appearances

For the Commission: *Douglas P. Wilson.*

For the respondents: *Alton, Jurlander & Wise, Chicago, Ill.*

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 Carpet Bazaar, Inc., a corporation, and Allen R. Greenberg, 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 Carpet Bazaar, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its principal office and place of business located at 7050 West Cermak Road, Berwyn, Ill.

Respondent Allen R. Greenberg is an individual and is the principal officer of the corporate respondents. He formulates, directs and controls the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. His business 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 advertising, offering for sale, sale, distribution and installation of carpeting and floor coverings to the public.

PAR. 3. In the course and conduct of their aforesaid business, and for the purpose of inducing the purchase of their carpeting and floor coverings, respondents have made, and are now making, numerous statements and representations by repeated advertisements inserted in newspapers of interstate circulation, and by oral statements and representations of their salesmen to prospective purchasers with respect to their products and services.

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

CARPET YOUR ENTIRE HOME REGARDLESS OF THE NUMBER OF ROOMS
\$549 BUYS IT ALL

* * * * *

JANUARY CARPET CLEARANCE

IT'S A SALE!

THOUSANDS OF REMNANTS AND WALL TO WALL TO ***
SAVE 30 to 60% ON LUXURIOUS BROADLOOM CARPETING WHILE OUR
JANUARY SALE LASTS.

* * * * *

SAVE 29% to 57% TODAY ON 3,000 1st QUALITY REMNANTS.

* * * * *

REG. \$219.00—\$88 12 x 13 to 12 x 15
 REG. \$118.00—\$59 7 x 12 to 9 x 12

* * * * *

INDOOR OUTDOOR HERCULON REG. \$4.95 NOW \$2.39 SQ. YD.

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PAR. 4. 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, respondents have represented, and are now representing, directly or by implication, that:

1. Respondents will carpet an entire home, regardless of the number of rooms, for \$549.

2. By and through the use of the word "sale," and other words of similar import and meaning not set out specifically herein, that said carpeting and floor covering may be purchased at special or reduced prices, and purchases are thereby afforded savings from respondents' regular selling prices.

3. Purchasers of respondents' floor coverings are afforded savings of 30 to 60 percent and 29 to 57 percent of the prices at which such floor coverings are usually and customarily sold at retail.

PAR. 5. In truth and in fact:

1. Respondents will not carpet an entire home, regardless of the number of rooms, for \$549. To the contrary, respondents impose limitations on the amount of carpeting they will sell and install for the advertised price.

2. Respondents' merchandise is not being offered for sale at special or reduced prices. To the contrary, the price respondents regularly advertise and their so-called advertised "sale" price are identical and are used to mislead prospective customers into believing there is a saving from a bona fide regular selling price.

3. Purchasers of respondents' carpet remnants and rugs are not afforded savings of 30 to 60 percent or 29 to 57 percent of the prices at which such carpet remnants and rugs are usually and customarily sold at retail. To the contrary, the percentage price comparison is based on prices for quantities of carpeting required for wall-to-wall installation rather than the advertised carpet remnants or rugs which are usually sold for less than wall-to-wall prices.

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

PAR. 6. 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 in the sale and distribution of rugs, carpeting and floor coverings of the same general kind and nature as those sold by respondents.

PAR. 7. The use by respondents of the aforesaid false, misleading and deceptive statements, representations, acts 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 complete, and into the purchase of substantial quantities of respondents' products and services 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 of respondents' competitors 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 respondents named in the caption hereof and the respondents having been furnished thereafter with a copy of a draft of complaint which the Chicago 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:

Decision and Order

1. Respondent Carpet Bazaar, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its office and principal place of business located at 7050 West Cermak Road, Berwyn, Ill. Respondent Allen R. Greenberg 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 Carpet Bazaar, Inc., a corporation, its successors and assigns, and its officers, and Allen R. Greenberg, individually and as an officer of said corporation, and respondents' agents, representatives, and employees, directly or through any corporation, subsidiary, or other device, in connection with the advertising, offering for sale, sale or distribution of carpeting and floor coverings, or any other article of merchandise in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Advertising or otherwise representing that respondents will carpet an entire home, regardless of the number of rooms, for "\$549" or any other stated amount, unless such is the fact.
2. Using the word "Sale," or any other word or words of similar import or meaning not set forth specifically herein unless the price of such merchandise being offered for sale constitutes a reduction, in an amount not so insignificant as to be meaningless, from the actual bona fide price at which such merchandise was sold or offered for sale to the public on a regular basis by respondents for a reasonably substantial period of time in the recent, regular course of their business.

3. (a) Representing, directly or indirectly orally or in writing, that by purchasing any of said merchandise, customers are afforded savings amounting to the difference between respondents' advertised sale price and respondents' former price unless such merchandise has been sold or offered for sale in good faith at the former price by respondents for a reasonably substantial period of time in the recent, regular course of their business.
- (b) Representing, directly or indirectly, orally or in writing, that by purchasing any of said merchandise, customers are afforded savings amounting to the difference between respon-

dents' advertised sale price and a regular price for said merchandise in respondents' trade area unless a substantial number of the principal retail outlets in the trade area regularly sell said merchandise at such regular price.

(c) Representing, directly or indirectly, orally or in writing, that by purchasing any of said merchandise, customers are afforded savings amounting to the difference between respondents' advertised sale price and a regular selling price for comparable merchandise, unless substantial sales of merchandise of like grade and quality are being made in the trade area at the stated regular price or a higher price and unless respondents have in good faith conducted a market survey or obtained a similar representative sample of prices in their trade area which establishes the validity of said regular price and it is clearly and conspicuously disclosed that the regular price is applicable to merchandise of like grade and quality.

4. Advertising or otherwise representing a regular price or compared value price for carpet remnants or rugs (a) unless the carpet remnants or rugs being advertised are of the same grade and quality as the carpets with which such advertised prices are compared; and (b) without disclosing in immediate conjunction therewith that the regular selling price or compared value price is based on the wall-to-wall price of carpeting of the same grade and quality.

5. Representing, directly or by implication, orally or in writing, that purchasers of respondents' merchandise will save any stated dollar or percentage amount without fully and conspicuously disclosing in immediate conjunction therewith, the basis for such savings representations.

6. Failing to maintain and produce for inspection or copying for a period of three (3) years, adequate records (a) which disclose the facts upon which any savings claims, sales claims and other similar representations as set forth in Paragraphs One, Two and Four of this order are based, and (b) from which the validity of any savings claims, sale claims and similar representations can be determined.

It is further ordered, That respondents shall maintain for at least a one (1) year period, following the effective date of this order, copies of all advertisements, including newspaper, radio and television advertisements, direct mail and in-store solicitation literature, and any other such promotional material utilized for the purpose of obtaining leads for the sale of carpeting or floor coverings, or utilized in the advertising, promotion or sale of carpeting or floor coverings and other merchandise.

It is further ordered, That respondents, for a period of one (1) year from the effective date of this order, shall provide each advertising

agency utilized by respondents and each newspaper publishing company, television or radio station or other advertising media which is utilized by respondents to obtain leads for the sale of carpeting or floor coverings and other merchandise, with a copy of the Commission's news release setting forth the terms of this order.

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

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 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 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 of their compliance with this order.

IN THE MATTER OF

ATLANTIC CONSTRUCTION & SUPPLY CO., ET AL.

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

Docket C-2499. Complaint, Mar. 20, 1974—Decision, Mar. 20, 1974

Consent order requiring a Mt. Rainier, Md., seller and distributor of home improvement products and services, among other things to cease misrepresenting prices as reduced or special, the savings afforded purchasers, offers as limited or restricted as to time; disparaging or refusing to sell any product or service advertised; using deceptive or misleading representations to obtain prospective purchasers; misrepresenting the price of products or services; representing prices for products or services without showing in an estimate or contract each separate item included in the price; representing prices for a complete remodeling service without disclosing the additional costs to complete the remodeling service; including misleading illustrations in advertisements; contracting for any sale in the form of legal papers binding on the buyer prior to midnight of the 3rd day; failing to furnish buyers with completed receipts or copies of contracts or notices of cancellation in the same language used in oral sales

presentation; failing to inform buyers orally of or misrepresenting their right to cancel and to honor valid notices of cancellation; transferring customers' notes to other parties prior to midnight of the fifth day following the day the contract was signed; and failing to keep for two years copies of advertisements or promotional material.

Appearances

For the Commission: *David W. Bushong.*

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 Atlantic Construction & Supply Co., a corporation, and Norman Glaser and Stuart Schulman, individually and as officers of said corporation, hereinafter sometimes 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 Atlantic Construction & Supply Co. is a corporation organized, existing and doing business under and by virtue of the laws of the District of Columbia with its principal office and place of business 207 Varnum Street, Mt. Rainier, Md.

Respondents Norman Glaser and Stuart Schulman are officers of the corporate respondent. They formulate, direct and control the acts and practices of the corporate respondent including the acts and practices hereinafter set forth. Their business addresses are the same as that of the corporate respondent.

The respondents cooperate and act together in carrying out the acts and practices hereinafter set forth.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale, sale and distribution of home improvement products and services to the general public.

PAR. 3. In the course and conduct of their aforesaid business, respondents now cause, and for some time last past have caused, their said products, when sold, to be shipped from their place of business in the State of Maryland to purchasers thereof located in various other States of the United States and in the District of Columbia, and maintain, and at all times mentioned herein have maintained, a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their aforesaid business, and for the purpose of inducing the purchase of their home improvement

products and services, respondents and their salespersons or representatives have made, and are now making, numerous statements and representations in advertising and promotional material and through oral statements and representations with respect to their prices and their purchasers' savings.

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

After Holiday Event

All Prices Reduced

We must keep our craftsmen busy for the winter season

REC. ROOM SPECIAL \$588 CASH PRICE 12 x 15 Includes Tile Floor, Acoustic Ceiling, Georgia Pacific Paneling, Closed Under Stairway, All Necessary Trim, Larger Size Rooms Proportionally Higher Depending on Materials Selected

ADDITIONS NOW \$588 CASH PRICE 10' x 12' FOR GROUND LEVEL EXTRA BEDROOM, GAME ROOM or REC. ROOM SIZE 10 x 12 Plate over existing Masonry Wall-Sheathing for the Walls-Studding for the Walls-Rafters for the Roof-Sheathing for the Roof-All carpentry, labor and materials-furnished for the above work.

BAR INCLUDED WITH DE LUX REC. ROOM

PAR. 5. By and through the use of the aforesaid statements and representations, and others of similar import and meaning but not specifically set out herein, separately and in connection with oral statements and representations of their salespersons or representatives, respondents have represented, and are now representing, directly or by implication, that:

1. Their home improvement products and services are being offered for sale at special or reduced prices, and savings are thereby afforded purchasers because of reductions from respondents' regular selling prices.

2. Their offer is made for a limited time only.

3. A bona fide offer is being made to sell the advertised products and services at the prices, or proportionate prices, and on the terms and conditions specified in the advertisements.

4. They are offering complete basement recreation room and room addition remodeling services for the prices shown in the advertisements for those remodeling services.

5. A bar is included in the basement recreation room remodeling service for the price shown in the advertisement for that service.

PAR. 6. In truth and in fact:

1. Respondents' products and services are not being offered for sale at special or reduced prices, and savings are not thereby afforded purchasers because of reductions from respondents' regular selling prices. In fact, respondents do not have regular selling prices but the

prices at which respondents' products are sold vary from customer to customer depending on the resistance of the prospective purchaser.

2. Respondents' advertised offer is not made for a limited time only. Said products and services are advertised regularly at the represented prices and on the terms and conditions therein stated.

3. The offers made in respondents' advertisements are not bona fide offers to sell the advertised products and services at the prices, or proportionate prices, and on the terms and conditions specified in the advertisements in that:

a. Respondents' offers are made for the purpose of obtaining leads to persons interested in the purchase of respondents' products and services. After obtaining such leads, respondents' salespersons or representatives call upon such persons at their homes and, according to their established mode of operation, respondents' salespersons or representatives disparage the advertised product or service and otherwise discourage the purchase thereof and attempt to sell, and frequently do sell, a different and more expensive product or service instead of the advertised product or service for which the customer was originally solicited.

b. In many cases, the prices charged for respondents' products and services exceed the advertised prices, or proportionate prices.

c. Remodeling products and services are sold at a single contract price which includes all material, labor and other costs. Since no itemized estimate or contract is provided, persons who respond to the advertisements and purchase remodeling products and services have absolutely no means of knowing what price they are paying for the advertised items.

4. The respondents do not offer complete basement recreation room and room addition remodeling services for the prices shown in the advertisements for those remodeling services. The format of respondents' advertisements, and the prominent manner in which the prices are set forth, leads a substantial number of prospective purchasers to the impression that the prices shown are the full prices for complete remodeling services. This mistaken impression is enhanced by the fact that in many instances homeowners are not aware of the quantity and cost of the additional material and labor necessary for a complete remodeling service. Respondents' failure to disclose in their advertisements the quantity and cost of such additional material and labor as is normally necessary for a complete remodeling service further enhances the capacity and tendency of said advertisements to lead prospective purchasers to believe that a complete remodeling service is being offered.

5. A bar is not included in the basement recreation room remodeling service for the price shown in the advertisement for that service.

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

PAR. 7. In the further course and conduct of their business and in furtherance of a sales program for inducing the purchase of their home remodeling and expansion services, respondents and their salesmen or representatives have engaged in the following additional unfair, false, misleading and deceptive acts and practices:

In a substantial number of instances, through the use of the false, misleading and deceptive statements, representations and practices set forth in Paragraphs Four through Six, above, respondents or their representatives have been able to induce customers into signing a contract upon initial contact without giving the customer sufficient time to carefully consider the purchase and consequences thereof.

PAR. 8. 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 sale of home improvement products and services of the same general kind and nature as those sold by respondents.

PAR. 9. The use by respondents of the aforesaid false, misleading and deceptive statements, representations, acts 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 accurate and into the purchase of substantial quantities of respondents' home improvement products and services by reason of said erroneous and mistaken belief.

PAR. 10. 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.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Washington, D.C. Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act; and

The respondents and counsel for the Commission having thereafter

executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having thereafter considered the matter and having determined that it had 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 Atlantic Construction & Supply Co. is a corporation organized, existing and doing business under and by virtue of the laws of the District of Columbia, with its office and principal place of business located at 2207 Varnum Street, Mt. Rainier, Md.

Respondent Norman Glaser and Stuart Schulman are officers of said corporation. They formulate, direct and control the policies, acts and practices of said corporation, and their 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 Atlantic Construction & Supply Co., a corporation, its successors and assigns and its officers, and Norman Glaser and Stuart Schulman, individually and as officers of said corporation, and respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with the advertising, offering for sale, sale or distribution of home improvement products and services, or any other product or service, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using the words "All Prices Reduced" or "Special" or any other word or words of similar import or meaning not set forth specifically herein, unless the price of such product or service being offered for sale constitutes a reduction, in an amount not so insignificant as to be meaningless, from the actual bona fide price at

which such product or service was sold or offered for sale to the public on a regular basis by respondents for a reasonably substantial period of time in the recent regular course of their business.

2. (a) Representing, orally or in writing, directly or by implication, that by purchasing any of said products or services customers are afforded savings amounting to the difference between respondents' stated price and respondents' former price, unless such products or services have been sold or offered for sale in good faith at the former price by respondents for a reasonably substantial period of time in the recent, regular course of their business.

(b) Representing, orally or in writing, directly or by implication, that by purchasing any of said products or services customers are afforded savings amounting to the difference between respondents' stated price and a compared price for said products or services in respondents' trade area unless a substantial number of the principal retail outlets in the trade area regularly sell said products or services at the compared price or some higher price.

(c) Representing, orally or in writing, directly or by implication, that by purchasing any of said products or services customers are afforded savings amounting to the difference between respondents' stated price and a compared value price for comparable products or services, unless substantial sales of products or services of like grade and quality are being made in the trade area at the compared price or a higher price and unless respondents have in good faith conducted a market survey or obtained a similar representative sample of prices in their trade area which establishes the validity of said compared price and it is clearly and conspicuously disclosed that the comparison is with merchandise of like grade and quality.

3. Representing, orally or in writing, directly or by implication, that any offer to sell a product or service is limited or restricted as to time or is limited or restricted in any other manner, unless the represented limitation or restriction is imposed and adhered to in good faith by the respondents.

4. Advertising, or offering for sale, any product or service for the purpose of obtaining leads to potential purchasers of different products or services, unless the advertised, or offered, product or service is capable of adequately performing its intended function and respondents maintain an adequate and readily available stock of said product and are willing and able to perform said service.

5. Disparaging in any manner, or refusing to sell, any advertised product or service.

6. Using any advertisement, sales plan or procedure which involves the use of any false, misleading or deceptive statement, representation or illustration designed to obtain leads to potential purchasers of respondents' products or services.

7. Representing, orally or in writing, directly or by implication, that any product or service is offered for sale when such is not a bona fide offer to sell said product or service.

8. Misrepresenting, orally or in writing, directly or by implication, the price, or proportionate price, of any of their products or services.

9. Representing, orally or in writing, directly or by implication, a price for any product or service unless the charge for such product or service, the quantity of material upon which such charge is based and a description of the type and grade of such material is shown as a separate item on an estimate and contract provided the purchaser.

10. Representing, orally or in writing, directly or by implication, prices for selected items of material, fixtures and labor which are available only as part of a complete remodeling service without disclosing an accurate estimate of the cost of such additional items of material, fixtures and labor normally necessary to complete the represented remodeling service.

11. Including illustrations in advertisements, unless such illustrations accurately depict the product being advertised and the quantity of the product available for the advertised price.

12. Contracting for any sale whether in the form of trade acceptance, conditional sales contract, promissory note, or otherwise which shall become binding on the buyer prior to midnight of the third day, excluding Sundays and legal holidays, after the date of execution.

13. Failing to furnish the buyer with a fully completed receipt or copy of any contract pertaining to such sale at the time of its execution, which is in the same language, *e.g.*, Spanish, as that principally used in the oral sales presentation and which shows the date of the transaction and contains the name and address of the seller, and in immediate proximity to the space reserved in the contract for the signature of the buyer or on the front page of the receipt if a contract is not used and in bold face type of a minimum size of 10 points, a statement in substantially the following form:

YOU, THE BUYER, MAY CANCEL THIS TRANSACTION AT ANY TIME PRIOR TO MIDNIGHT OF THE THIRD BUSINESS DAY AFTER THE DATE OF THIS

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Decision and Order

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TRANSACTION. SEE THE ATTACHED NOTICE OF CANCELLATION FORM FOR AN EXPLANATION OF THIS RIGHT.

14. Failing, in those transactions in which a security interest in the buyer's principal residence is not or will not be retained, to furnish each buyer, at the time he signs the sales contract or otherwise agrees to buy consumer goods or services from the seller, a completed form in duplicate, captioned "NOTICE OF CANCELLATION," which shall be attached to the contract or receipt and easily detachable, and which shall contain in ten point bold face type the following information and statements in the same language, *e.g.*, Spanish, as that used in the contract:

NOTICE OF CANCELLATION

[enter date of transaction]

(Date)

YOU MAY CANCEL THIS TRANSACTION, WITHOUT ANY PENALTY OR OBLIGATION, WITHIN THREE BUSINESS DAYS FROM THE ABOVE DATE.

IF YOU CANCEL, ANY PROPERTY TRADED IN, ANY PAYMENTS MADE BY YOU UNDER THE CONTRACT OR SALE, AND ANY NEGOTIABLE INSTRUMENT EXECUTED BY YOU WILL BE RETURNED WITHIN 10 BUSINESS DAYS FOLLOWING RECEIPT BY THE SELLER OF YOUR CANCELLATION NOTICE, AND ANY SECURITY INTEREST ARISING OUT OF THE TRANSACTION WILL BE CANCELLED.

IF YOU CANCEL, YOU MUST MAKE AVAILABLE TO THE SELLER AT YOUR RESIDENCE, IN SUBSTANTIALLY AS GOOD CONDITION AS WHEN RECEIVED, ANY GOODS DELIVERED TO YOU UNDER THIS CONTRACT OR SALE; OR YOU MAY IF YOU WISH, COMPLY WITH THE INSTRUCTIONS OF THE SELLER REGARDING THE RETURN SHIPMENT OF THE GOODS AT THE SELLER'S EXPENSE AND RISK.

IF YOU DO MAKE THE GOODS AVAILABLE TO THE SELLER AND THE SELLER DOES NOT PICK THEM UP WITHIN 20 DAYS OF THE DATE OF YOUR NOTICE OF CANCELLATION, YOU MAY RETAIN OR DISPOSE OF THE GOODS WITHOUT ANY FURTHER OBLIGATION.

TO CANCEL THIS TRANSACTION, MAIL OR DELIVER A SIGNED AND DATED COPY OF THIS CANCELLATION NOTICE OR ANY OTHER WRITTEN NOTICE, OR SEND A TELEGRAM, TO [Name of seller], AT [address of seller's place of business], NOT LATER THAN MIDNIGHT OF _____.

(date)

I HEREBY CANCEL THIS TRANSACTION.

(Date)

(Buyer's signature)

15. Failing, in those transactions in which a security interest in

the buyer's principal residence is not or will not be retained, before furnishing copies of the "Notice of Cancellation" to the buyer, to complete both copies by entering the name of the seller, the address of the seller's place of business, the date of the transaction, and the date, not earlier than the third business day following the date of the transaction, by which the buyer may give notice of cancellation.

16. Including in any sales contract or receipt any confession of judgment of any waiver of any of the rights to which the buyer is entitled under this order including specifically his right to cancel the sale in accordance with the provisions of this order.

17. Failing to inform each buyer orally, at the time he signs the contract or purchases the goods or services, of his right to cancel.

18. Misrepresenting, directly or indirectly, orally or in writing, the buyer's right to cancel.

19. Failing or refusing to honor any valid notice of cancellation by a buyer and within 10 business days after the receipt of such notice, to (i) refund all payments made under the contract or sale; (ii) return any goods or property traded in, in substantially as good condition as when received by the seller; (iii) cancel and return any negotiable instrument executed by the buyer in connection with the contract or sale and take any action necessary or appropriate to terminate promptly any security interest created in the transaction.

20. Negotiating, transferring, selling, or assigning any note or other evidence of indebtedness to a finance company or other third party prior to midnight of the fifth business day following the day the contract was signed or the goods or services were purchased.

21. Failing, within 10 business days of receipt of the buyers' notice of cancellation, to notify him whether the seller intends to repossess or to abandon any shipped or delivered goods.

22. Failing to retain, for a period of not less than two (2) years from the date of their last use, a copy of each advertisement and item of promotional material, including, but not limited to, each newspaper advertisement, radio or television script, direct mail advertisement and product brochure, used for the purpose of obtaining leads to prospective purchasers of respondents' products and services or in promoting the sale of respondents' products and services and a record of the number of copies disseminated and the dates and means of dissemination.

23. Failing to retain, for a period of not less than two (2) years following each price reduction or savings claim, including, but not limited to, each claim of the types described in Paragraphs 1

through 3 of this order, adequate records to substantiate each such claim.

24. Failing to produce, for the purpose of examination and copying by representatives of the Federal Trade Commission, those records required to be retained by this order.

Provided, however, That nothing contained in this order shall relieve respondents of any additional obligations respecting contracts required by Federal law or the law of the state in which the contract is made. When such obligations are inconsistent, respondents can apply to the Commission for relief from this provision with respect to contracts executed in the state in which such different obligations are required, the Commission, upon showing, shall make such modifications as may be warranted in the premises.

It is further ordered, That respondents shall forthwith deliver a copy of this order to cease and desist, and a copy of the Commission's news release setting forth the terms of the order, to each advertising agency and advertising medium, such as newspaper publishing company, radio station or television station, presently utilized in the course of their business, and that respondents shall, immediately upon opening an account, deliver a copy of such order and news release to any such agency or medium with which they subsequently open an account.

It is further ordered, That respondents shall forthwith deliver a copy of this order to cease and desist to each of their agents, representatives and employees engaged in the offering for sale or sale of respondents' products or services, in the consummation of any extension of consumer credit or in any aspect of the creation, preparation or placing of respondents' advertisements and that respondents shall deliver a copy of such order to each such person whom they subsequently employ, immediately upon employing each such person, and that respondents shall secure from each such person a signed statement acknowledging receipt of said order.

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

It is further ordered, That respondents shall notify the Commission at least thirty (30) days prior to any proposed change in a 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 any other home improvement business or employment. Such notice shall include re-

spondents' 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 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 of their compliance with this order.

IN THE MATTER OF

M.T.I. BUSINESS SCHOOLS OF SACRAMENTO, INC., ET AL. CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL TRADE COMMISSION ACT

Docket C-2500. Complaint, Mar. 20, 1974—Decision, Mar. 20, 1974

Consent order requiring a Sacramento, Calif., business school, among other things to cease misrepresenting the opportunities available to individuals trained in particular job fields such as cashier to checkstand operations, data processing or computer programming; misrepresenting the salaries available in such fields; and failing to maintain accurate records to substantiate such claims.

Appearances

For the Commission: *Jeffrey A. Klurfeld.*

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 M.T.I. Business Schools of Sacramento, Inc., a corporation and Arnold Zimmerman, individually and as an officer of said corporation, hereinafter sometimes 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 M.T.I. Business Schools of Sacramento, Inc., hereinafter sometimes referred to as "MIT," is a corporation organized, existing and doing business under and by virtue of the laws of the State of California, with its principal office and place of business located at 2731 Capitol Avenue, Sacramento, Calif. Respondent MTI sometimes transacts business under the trade names "M.T.I. Business College" or "M.T.I. Western Business College."

Respondent Arnold Zimmerman is president of the corporate respon-