

in which they are engaged as well as a description of their duties and responsibilities.

It is further ordered, That the respondent 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.

IN THE MATTER OF
TALENT, INC., TRADING AS TALENT, INC., ETC., ET AL.
CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION
OF THE FEDERAL TRADE COMMISSION ACT

Docket C-2512. Complaint, Apr. 19, 1974—Decision, Apr. 19, 1974

Consent order requiring a North Quincy, Mass. solicitor of contracts and fees from songwriters and seller/distributor of records and lead sheets, among other things to cease misrepresenting the products or services offered; misrepresenting the size of its staff; misrepresenting the prices of its services and failing to inform customers of the terms and conditions of its services.

Appearances

For the Commission: *David I. Keniry.*

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 Talent, Inc., a corporation, trading and doing business as Jerry Dee, Grand Recording Company, Cathedral Recording Company, Chapel Recording Company, Country and Western Recording Company, Music Hall Recording Company and Melody Lan, and Theodore Rosen, 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 Talent, Inc., 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 91 Newbury Avenue, North Quincy, Mass. Respondent Talent, Inc. is also trading and doing business as Jerry Dee, Grand Recording Company, Cathedral Recording Company, Chapel Recording Company, Country and Western Recording Company, Music Hall Recording Company and Melody Lane.

Respondent Theodore Rosen is an officer of the corporate respondent and, as such, he formulates, directs, and controls the acts and practices of the corporate respondent and the aforesaid affiliated businesses, 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 solicitation of contracts and fees from songwriters and prospective songwriters for the recording of songs, and in the sale and distribution of records and lead sheets containing the songs of writers contracting with them. Said solicitations are made through advertisements placed in magazines, and through form letters and other written solicitations circulated to songwriters and prospective songwriters located in the various States of the United States and in the District of Columbia.

PAR. 3. In the course and conduct of their business as aforesaid, respondents now cause, and for some time last past have caused, their said products, when sold, to be shipped from their place of business located in the Commonwealth of Massachusetts, to purchasers thereof located in various other States of the United States and 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 businesses, and for the purpose of soliciting contracts for the recording of songs of songwriters and prospective songwriters, and for the purpose of inducing the purchase of records, lead sheets, and related products and services offered by respondents pursuant to said contracts, and for the purpose of receiving monetary fees from songwriters in connection with said contractual arrangements, respondents have made, and are now making, statements and representations by repeated advertisements inserted in numerous magazines of interstate circulation, and by manifold statements and representations, explicit and implicit, contained in contracts, form letters and other written instruments of a solicitous nature, to songwriters and prospective songwriters with respect to respondents' business status, products and services, and the benefit to be derived by said songwriters and prospective songwriters utilization of such products and services.

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

SONGS—POEMS WANTED FOR PUBLISHING AND RECORDING
CONSIDERATION.

Accepted songs will be published and recorded at our expense—for information write to Talent, 17 Longwood Rd., Quincy, MA 02169.

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Complaint

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SONGWRITERS! POETS!

Spiritual and religious poems and songs wanted for recording by the Chapel Symphony Orchestra and Choir. We pay all recording costs.

Information: Write Dept. Chapel Recording Co., P.O. Box 162, Wollaston, MA 02170.

* * * * *

Talent will pay all costs in the producing and in the recording of the above song.

That there will be no charge made to the author for the producing and the recording of the above song.

* * * * *

A publishing contract will be issued by Talent prior to the release of the above song by a major record company.

* * * * *

I would be glad to record your song if a more suitable and commercial melody could be set to your lyric.

It takes a great deal of time and effort to produce a recording of this nature, and unless the music is commercial, it will all be in vain.

The fabulous demonstration recording that you will receive of your completed song will be as beautiful and commercial as our talents will allow.

* * * * *

In view of the greatness of sound and quality of your recording, I certainly hope and feel that many of the songs that I will record will be accepted and released by record companies, as others have in the past. In order that I may retain the publishing royalties on your song, a publishing contract will, therefore, be issued by an ASCAP or BMI publisher on all songs accepted for release by a major record company.

* * * * *

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

1. Songs and poems submitted to respondents for recording and publishing consideration will be subjected to a good faith evaluation in order to determine the likelihood of these songs or poems achieving commercial success.

2. Songs and poems failing to meet the qualitative criteria employed by respondents in analyzing and determining the likelihood of these songs achieving commercial success will not be accepted by respondents for publishing and recording.

3. All costs and expenses involved in the production and recording of accepted songs will be borne by respondents and that there is no charge to the author for the production and recording of his song.

4. Respondents' primary interest in contracting with songwriters for

the production and recording of their songs is in attaining the commercial success of these recordings.

5. By and through the use of the words, "A publishing contract will be issued by Talent prior to the release of the above song by a major record company," and other words of similar import and meaning not set out specifically herein, that there is a reasonable expectation that songs produced and recorded by respondents may be released by a major record company or achieve commercial success, and that in the normal course of their business respondents negotiate, enter into, or otherwise issue publishing contracts to songwriters.

6. By and through the use of the words, "In order that I may retain the publishing royalties on your song, a publishing contract will, therefore, be issued * * * " and through the use of the words, "all royalties that the above song may earn from the sales of records, sheet music, motion pictures, etc. are to be divided as follows: 90% to the above author and 10% to Talent," and other words of similar import and meaning not set out specifically herein, that there is a reasonable expectation that songs produced and recorded by respondents may earn royalties from the sales of records, sheet music, and motion pictures, and that the retention, by respondent, of a percentage of the royalties realized from the sales of records, sheet music, and motion picture rights is the means whereby respondents recoup the financial investment involved in their producing and recording songs at no cost or expense to the songwriter.

PAR. 6. In truth and in fact:

1. Songs and poems submitted to respondents for recording and publishing consideration are not subjected to a good faith, qualitative evaluation in order to determine the likelihood of these songs or poems achieving commercial acceptance or success. Respondents do not maintain or employ a selective review process based upon qualitative considerations. To the contrary, substantially all songs and poems submitted by songwriters and prospective songwriters are accepted for recording without any evaluation or assessment regarding the likelihood of commercial acceptance or success.

2. Respondents do not reject or refuse to accept songs and poems submitted by songwriters and prospective songwriters for publishing and recording as a result of a deliberative determination that these songs and poems may fail to achieve commercial acceptance or success. To the contrary, the minimal number of songs and poems rejected by respondents each year are rejected due to a determination by respondents that the lyrics are coarse or offensive or because the song or poem is illegible.

3. All costs and expenses involved in producing and recording accepted songs are not borne by respondents, nor are songs produced and

recorded at no charge to their authors. To the contrary, all costs and expenses incurred by respondents in the producing and recording of accepted songs are included, along with a profit, in a musical setting fee or a fee for studio use, which all songwriters are required to pay as a condition precedent to the recording of their song by respondents.

4. Respondents' primary interest in contracting with songwriters for the producing and recording of their songs is not directed toward attaining the commercial acceptance or success of these recordings. To the contrary, respondents' primary interest in contracting with songwriters is to obtain payment under these contracts and to establish a relationship with these songwriters which is conducive to further overtures by which respondents induce the purchase of additional recordings and services for the alleged purpose of achieving the commercial acceptance and success of these recordings.

5. There is no basis in fact which would reasonably support the expectation that songs produced and recorded by respondents may be released by a major record company or achieve commercial success, nor do respondents, in the normal course of business, negotiate, enter into, or otherwise, issue publishing contracts to songwriters. To the contrary, songs produced and recorded by respondent have failed to be released by major record companies or to achieve commercial success. Further, any publishing contracts issued by respondents have been, and are, insubstantial in number, not pursuant to release of a recording by a major recording company, but utilized primarily to induce the purchase of additional recordings and services from respondents.

6. There is no basis in fact which would reasonably support the expectation that songs produced and recorded by respondents may earn royalties from the sale of records, sheet music, and motion picture rights, or that any or all of the costs and expenses incurred by respondents in the producing and recording of songs will be recouped by respondents as a percentage of the royalties earned by the sale of records, sheet music, and motion picture rights. To the contrary, respondents have failed to produce or record, for any customer, any songs which have earned royalties from the sale of records, sheet music, or motion picture rights. Accordingly, respondents do not rely upon the receipt or collection of royalties earned from the sale of records, sheet music, or motion picture rights for the recoupment of the costs and expenses incurred by them in producing and recording songs. All costs and expenses incurred by respondents in producing and recording accepted songs are included, along with a profit, in a musical setting fee or a fee for studio use, which all songwriters are required to pay as a condition precedent to the recording of their song by respondents.

Therefore, the statements and representations as set forth in Para-

graphs Four and Five, hereof, were and are false, misleading and deceptive.

PAR. 7. In addition to those statements and representations set forth in Paragraphs Four and Five, hereof, and in furtherance of a sales program for inducing the purchase of their products and services, respondents have made, and are now making, further statements and representations to songwriters and prospective songwriters with respect to respondents' business status, procedures, products and services, and the benefit to be derived by said songwriters and prospective songwriters' utilization of such products and services.

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

Our company has made provisions with professional writers who * * * have agreed with Grand Record Company to write a limited amount of melodies each month at a cost of only \$47.50 for each musical setting.

* * * * *

TALENT will furnish copyright advisory services including all necessary papers to register song (as author's sole property) in U.S. Copyright Office in Washington, D.C.

In view of the very commercial aspects of your song, and considering the fact that many people will be hearing your recording, we feel that a copyright certainly should be secured in your name in order to protect your rights and ownership to your song.

* * * * *

SONGS AND POEMS NEEDED IMMEDIATELY.

We are interested in ballads, spirituals, Country and Western, and all types of songs and poems that have the possibility of becoming hits.

* * * * *

A great deal of time, money and effort is involved in the producing of your recording. The average cost of a 32-piece, fully orchestrated recording would cost over \$1500.

We have indicated to you in our correspondence, that the cost of reproducing the recording of your song would normally cost from \$600 to \$900.

* * * * *

Because our writers are collaborating with the musicians and the choir, as well as the featured vocalist, the result is a much more magnificent recording that could not possibly be done by anyone not working in such close harmony with everyone concerned.

Our selected writers will be working in close contact with the vocalist, and the background orchestra, and the vocal group.

* * * * *

Hoping to hear from you soon,
I remain,

Yours truly,

Don Richards
Artist and Repertoire (sic)
Department

* * * * *

PAR. 8. 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, separately and in connection with the statements and representations set forth in Paragraphs Four and Five, above, respondents have represented, and are now representing, directly or by implication, that:

1. Respondents have entered into agreements, or otherwise made arrangements with independent professional songwriters for the creation of musical settings for the represented fees and that the sole cost to respondents' customers for obtaining the services of these independent professional songwriters is the payment of the represented fees.

2. Respondents maintain a copyright advisory service which renders and performs valuable and knowledgeable copyright advisory services for the purpose of assisting songwriters to secure copyrights for their songs because the imminent commercial success and impending exposure of their songs to a large segment of the public necessitates the immediate acquisition of copyright protection.

3. Completed songs, that is, lyrics and music, submitted by songwriters will be accorded a good faith evaluation by respondents as to the songs' acceptability for purposes of recording and publishing.

4. The normal, regular or average cost of producing a recording, similar to those recordings produced by respondents, varies from six hundred dollars to fifteen hundred dollars, and that individuals contracting with respondents for the production of recordings will realize a substantial monetary savings by retaining respondents to produce and record their songs.

5. Professional songwriters are utilized by respondents to write the music which accompanies the lyrics submitted by customer-songwriters, and that the aforesaid professional songwriters, as part of the preparation and writing of this music, frequently establish a personal, working relationship with, or otherwise confer and consult with, the vocalist, vocal group, and background orchestra participating in the producing and recording of customer-songwriters' songs.

6. Respondents maintain an "Artist and Repertoire (sic) Department" as a distinct, separate and functional entity within their organizational

framework and that this department is staffed by personnel who render specialized services or advice to songwriters.

PAR. 9. In truth and in fact:

1. Respondents have not entered into agreements or otherwise made arrangements with independent professional songwriters for the creation of musical settings at the represented fees. To the contrary, the independent professional songwriters utilized by respondents are compensated on an hourly basis for the creation of musical settings and the represented fees are established by respondents and include therein, production and recording costs, and a margin of profit for respondents.

2. Respondents do not maintain a copyright advisory service for the purpose of assisting songwriters secure copyrights because the immediate acquisition of copyright protection for customers' songs is necessitated by the likelihood that these songs will achieve commercial success or be exposed to a large segment of the public. To the contrary, respondents urge virtually all songwriters to secure copyright protection, irrespective of the commercial merit of the songwriters' completed recordings. Respondents' purpose in urging that songwriters secure copyrights for their songs is to enable respondents to obtain an additional fee for the preparation of a lead sheet which must accompany all songs submitted to the United States Copyright Office.

3. Completed songs, that is, lyrics and music, submitted by songwriters are not accorded a good faith evaluation by respondents with respect to the songs' acceptability for purposes of recording and publishing. To the contrary, all songwriters submitting completed songs to respondents with but few insubstantial exceptions, are informed by means of a series of form letters that respondents have determined that the lyrics thereof, but not the music, are acceptable for recording and that respondents, for a fee, will provide for the creation of an acceptable musical setting. Respondents' solicitation of songs is not directed towards the acquisition of songs for recording and publishing consideration but, rather, towards obtaining fees from songwriters.

4. The normal, regular, or average cost of producing a recording, similar to those recordings produced by respondents, does not vary from six hundred dollars to fifteen hundred dollars, and individuals contracting with respondents for the production of recordings do not realize a substantial monetary savings by retaining respondents to produce and record their songs. To the contrary, respondents aforesaid pricing representations contemplate a live, fully orchestrated recording session, whereas respondents utilize taped, pre-recorded orchestrations which, in most instances, have been purchased by respondents for substantially less than six hundred dollars.

5. In most instances, professional songwriters are not utilized by

respondents to write the music which accompanies the lyrics submitted by customer-songwriters, and the aforesaid professional songwriters, as part of the preparation and writing of this music, do not frequently establish a personal working relationship with, or otherwise confer and consult with, the vocalist, vocal group, and background orchestra participating in the producing and recording of the customer-songwriters' songs. To the contrary, in most instances, lyrics submitted by customer-songwriters are sung by a vocalist who "creates" the songs' melodies or music extemporaneously during a recording session without benefit of written music. As a result of this informal, *ad hoc* recording procedure, the professional songwriters utilized by respondents do not maintain a close working relationship with vocalists pursuant to the preparation and writing of music for songs submitted by respondents' songwriter-customers. Further, the aforesaid vocal group and background orchestra utilized by respondents are pre-recorded vocal choruses and pre-recorded background orchestrations, which are selected from respondents' tape library, thereby precluding any personal contact between or among respondents' professional songwriters and members of the background orchestra or vocal groups.

6. Respondents do not maintain an "Artist and Repertoire (sic) Department" as a distinct, separate and functional entity within their organizational framework which renders specialized services or advice. To the contrary, "Don Richards" is a pseudonym for the individual respondent, Theodore Rosen, whose business activities are not confined or limited to any specific department of, or service offered by, respondents.

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

PAR. 10. In the further course and conduct of their business, and in furtherance of a sales program for inducing the purchase of their products and services, respondents have engaged in the following additional unfair, false, deceptive and misleading acts and practices:

1. Respondents have inserted or caused to be inserted, in numerous magazines of interstate circulation, certain advertisements over the trade names of Talent, Inc., Grand Recording Company, Cathedral Recording Company, Chapel Recording Company and Country and Western Recording Company and, in a substantial number of instances, have inserted, or caused to be inserted, in a single edition of the aforesaid magazines, advertisements appearing over the trade name of two or more of the aforesaid recording companies. Through the use of such advertisements respondents have, and are, representing that the businesses conducted under the aforesaid trade names were, and are,

separate and distinct competing recording businesses and have unfairly and deceptively concealed the fact that all of the aforesaid recording companies are owned, controlled and managed by respondents. In such manner and by said means respondents induce the submission of songs and poems from songwriters and prospective songwriters who are thus misled into the mistaken and erroneous belief that they are dealing with companies and individuals other than respondents and who, if the true identity of the company soliciting their songs and lyrics were known to them, would not submit their songs and poems because many of said songwriters and prospective songwriters have been previously deceived and misled by respondents acting under the pretense and in the name of one or several of the aforesaid recording companies.

2. In a substantial number of instances, through the use of the false, deceptive and misleading statements, representations and practices set forth in Paragraphs Four through Nine, above, separately, and in connection with others of similar import and meaning but not expressly set out herein, respondents have been able to induce a substantial number of songwriters to purchase additional products and services such as commercially pressed records, hand prepared lead sheets, listings of record publishers, recording artists, record companies, and radio stations, song portfolios and record disbursement services, all of which products and services are offered by respondents for the alleged purpose of precipitating the commercial acceptance and success of customers' songs and the financial enhancement which accompanies such commercial acceptance and success.

The literature employed by respondents in the offering and sale of the aforesaid additional products and services, directly, by implication, and by a failure to disclose material facts, leads respondents' customers to the erroneous and mistaken belief that their songs have been selected by respondents for further promotional efforts because the songs possess distinctive quality, individual merit, and commercial promise, and that the promotional products and services offered by respondents considerably enhance the likelihood that customers' songs will achieve commercial acceptance and success.

3. Respondents' initial offers to produce and record songs for customers are replete with the statements and representations set forth in Paragraphs Four through nine concerning the commercial nature of respondents' endeavors. In making such offers, respondents have failed to disclose that the recordings produced by them are hand-cut, demonstration records, and inferior in quality and fidelity to commercially pressed records, and unsuitable for use in commercial promotional efforts.

The aforesaid failure of the respondents to disclose said material facts

to customers and prospective customers has the tendency and capacity to lead and induce a substantial number of such persons into the understanding and belief that the aforesaid recording companies are separate, distinct and independent businesses; that the represented promotional products and services will cause, substantially contribute to, or materially affect the commercial success of customers' recordings; and that the recordings produced by respondents are of a quality suitable for use in commercial promotion.

Therefore, respondents' failure to disclose such material facts was, and is, unfair, false, misleading and deceptive.

PAR. 11. 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 records, lead sheets, and related products and services of the same general kind and nature as those sold by respondents.

PAR. 12. The use by respondents of the aforesaid false, misleading and deceptive statements, representations, acts and practices, and their failure to disclose material facts, as aforesaid, 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 respondents' products and services by reason of said erroneous and mistaken belief.

PAR. 13. 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 Commission having heretofore determined to issue its complaint charging the respondents named in the caption hereto with violation of the Federal Trade Commission Act, and the respondents having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; 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 complaint to issue herein, 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 considered the agreement and having provisionally accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of thirty (30) days, and having duly considered the comments filed thereafter pursuant to Section 2.34(b) of its rules, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent Talent, Inc., 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 91 Newbury Avenue, North Quincy, Mass.

Respondent Theodore Rosen is an officer of said corporation. He formulates, directs and controls the policies, acts and practices of said corporation and his address is the same as that of said corporation.

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

ORDER

It is ordered, That respondents Talent, Inc., a corporation, trading and doing business in its own name and as Jerry Dee, Grand Recording Company, Cathedral Recording Company, Chapel Recording Company, Country and Western Recording Company, Music Hall Recording Company and Melody Lane, and Theodore Rosen, individually and as an officer of said corporation, and respondents' agents, representatives, and employees, successors and assigns, directly or through any corporation, subsidiary, division or other device, in connection with the advertising, offering for sale, sale or distribution of records, lead sheets and related products or services, or any other products or services, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or by implication, orally or in writing that:

(a) Songs, poems or lyrics submitted to respondents are assessed or evaluated in order to determine the likelihood of their achieving commercial acceptance or success.

(b) Songs, poems or lyrics failing to meet qualitative stan-

dards established by respondents will not be accepted for recording.

(c) There is no charge to customers for the production or recording of their songs; or misrepresenting in any manner that products or services are provided at either no cost or a reduced cost.

(d) Respondents' primary interest in contracting or dealing with songwriters is in assisting them to achieve commercial success or acceptance for their songs or recordings.

(e) Songwriters whose songs are accepted for recording by respondents may reasonably expect that their songs will ultimately be released by a record company; or that respondents frequently, or in the normal course of business, issue publishing contracts.

(f) Songwriters whose songs are accepted for recording by respondents may reasonably expect that their songs will earn royalties from the sales of records, sheet music, or radio, television or motion picture rights.

(g) The sole charge to customers for the services of professional songwriters employed by respondents is respondents' cost for obtaining the services of these professional songwriters; or that respondents provide customers with any products or services at respondents' cost for such products or services.

(h) It is necessary or desirable that customers secure copyright protection because of their songs' distinctive merit, commercial character, or the likelihood that their songs will gain wide public attention or acceptance; or that respondents maintain a copyright advisory service for the purpose of assisting songwriters secure copyrights on songs that are of commercial quality.

(i) Songs are or may be accepted for recording.

(j) Any price for respondents' products and services is a special price or substantially less than prices charged by other companies or individuals for similar products or services.

(k) Respondents employ or utilize songwriters to write music for customers' lyrics prior to the recording of these customers' songs; or that songwriters employed or utilized by respondents work closely with, or confer and consult with, respondents' vocalists, vocal groups or background orchestra.

(l) Respondents maintain separate and functional departments within their organizational framework; or misrepresenting, through the use of pseudonyms, or by any other means, the number of personnel employed by respondents.

2. Representing, directly or by implication, in their advertising or in any other manner, that any recording company or business owned, operated, or controlled by them or either of them is otherwise owned, operated, or controlled; or that one of two or more such recording companies or businesses owned, operated, or controlled by either or both of them is separate, distinct, or competitive with the others similarly owned.

3. Inducing the purchase of any products or services by representing, directly or by implication, that the purchase of these products or services will cause, substantially contribute to, or materially affect either the commercial success or acceptance of a song or recording, or the customer's financial enhancement.

4. Failing to inform each customer or prospective customer, in clear and conspicuous language, prior to the execution of a recording contract, that the recording provided by respondents is hand cut, a demonstration record, and unsuitable for use in commercial promotion.

5. Failing to inform each customer or prospective customer, in clear and conspicuous language, prior to the execution of a recording contract, that the background orchestrations and vocal choruses provided by respondents are pre-recorded; and that respondents' use of these pre-recorded background orchestrations and vocal choruses is not exclusive to, or limited to, his song or recording.

6. Selling, or offering for sale, commercially pressed recordings, without disclosing in clear and conspicuous language, contemporaneous with the sale or offering for sale, that many radio stations, as a matter of policy, refuse to play demonstration records.

7. Making any agreement, arrangement, provision or representation concerning the disposition of royalties a song may earn without affirmatively disclosing that respondents have never produced or recorded a song for a customer which has earned any royalties.

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 or sale of respondents' products or services or in any aspect of preparation, creation, or placing of advertising, and that respondents secure a signed statement acknowledging the receipt of the order from each such person.

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

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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 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.

IN THE MATTER OF
AUSLANDER DECORATOR FURNITURE, INC., TRADING AS