
IN THE MATTER OF
MAGNETIC VIDEO CORPORATION, ET AL.

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

Docket C-2767. Complaint, Dec. 12, 1975 — Decision, Dec. 12, 1975

Consent order requiring a Farmington Hills, Mich., manufacturer and distributor of various tape products, including compilations of hits and sound alike recordings, among other things to cease using any advertisement or promotional material which misrepresents that any tape product has been recorded by the original artist(s). Further, respondents must either disclose the name of the actual recording artist or print a warning advising prospective purchasers that the product "is not an original artist recording."

Appearances

For the Commission: *Paul K. Trause.*

For the respondents: *Charles Tathem, Merrill, Tathem & Rosati*,
Detroit, Mich.

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 Magnetic Video Corporation, a corporation, and Andre Blay, 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. For the purposes of this proceeding, the following definitions shall apply:

Original Artist: The original artist is the person who originally recorded and made popular the song(s) or album in question, or with whom the public generally identifies the song(s) in question.

Sound Alike Recording: A sound alike recording is a recording of a hit song(s) or a hit album recorded by one other than the original artist and performed in the style and manner of the original artist.

Compilation of Hits: A compilation of hits is a tape product featuring a variety of songs originally recorded and made popular by various artists.

Tape Products: Tape products include tape cartridges or tape cassettes; or, insofar as Magnetic Video Corporation produces or distributes them, phonograph records.

PAR. 2. Respondent Magnetic Video Corporation is a corporation organized, existing, and doing business under and by virtue of the Laws of the State of Michigan, with its office and principal place of business located at 24380 Indoplex Circle, Farmington Hills, Mich.

Respondent Andre Blay is an individual and 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. 3. Respondents are now, and for some time last past have been, engaged in the manufacture and distribution of various tape products, including compilations of hits and sound alike recordings.

PAR. 4. In the course and conduct of their business as aforesaid, respondents now cause, and for sometime last past have caused, their products when sold to be shipped from their place of business located in the State of Michigan to purchasers thereof located in various other

The aforesaid duty to disclose the corrective statement shall continue until respondent has expended on Listerine advertising a sum equal to the average annual Listerine advertising budget for the period of April 1962 to March 1972.

PART IV

It is further ordered, That the allegations of Paragraphs Nine and Ten of the complaint be, and they hereby are, dismissed.

PART V

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

It is further ordered, That respondent notify the Commission at least thirty (30) days prior to any proposed change in its structure 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 this order.

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