

Complaint

88 F.T.C.

IN THE MATTER OF

RELCO, INC., ET AL.

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

Docket C-2837. Complaint, Sept. 17, 1976 — Decision, Sept. 17, 1976

Consent order requiring a Houston, Tex., electronics manufacturer, among other things to cease misrepresenting the characteristics of its metal detector; misrepresenting the regular selling price of its dog trainer collar; misrepresenting that its trainer collar is waterproof; and failing to disclose relevant facts regarding its products. Further, respondents are required to offer purchasers a 10-day money-back guarantee.

Appearances

For the Commission: *Leslie L. Robinson.*

For the respondents: *Jack W. Thompson, Houston, Tex.*

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 Relco, Inc., a corporation, and Richard T. Harris, 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 Relco, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Texas, with its principal office and place of business located at 2210 West 34th St., Houston, Texas.

Respondent Richard T. Harris is president of the corporate respondent. He formulates, directs and controls the acts, policies and practices of 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 manufacture, advertising, offering for sale, sale and distribution of electronic metal detectors, animal training collars, welders and other electronic equipment, to members of the general public.

PAR. 3. In the course and conduct of their business, respondents now cause, and for some time last past have caused, their said products, when sold, to be shipped from respondent's place of business in the

State of Texas to purchasers thereof located in various other states of the United States. Respondents 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 products, respondents have made numerous statements and representations in newspaper advertisements, magazine advertisements and other promotional literature respecting the capabilities and characteristics of their product.

Typical and illustrative of the statements and representations contained in said advertisements and promotional material, but not all inclusive thereof, are the following:

\$19.95 up Five Powerful Models New Relco Detectors Send Electronic Beam Far Into Earth To Seek Treasures Lost or Hidden Throughout The Centuries. Signals When Object is Detected. Most Powerful Made.

HALF PRICE SALE ON AMERICA'S LARGEST SELLING ELECTRONIC TRAINER

Regular \$198

Now Half Price - \$99.00

Water-Proof, Climate-Proof Collar unit is completely water-proof and works in sub-freezing cold or blazing sun. Transmitter has telescoping antenna and fits hunting jacket pocket.

WORKS FOR SIX MILES Sensitronix's Powerful New "Full Circle" Trainer. Controls your dog anywhere within this six mile range, over 2500 acres.

PAR. 5. By and through the use of the above quoted statements, representations and others of similar import or meaning, but not specifically set forth herein, and through statements and representations to prospective purchasers, respondents now represent, and have represented, directly or by implication, orally, in writing, or individually, that:

1. Relco Detector Models are the most powerful made in their respective price group.
2. Sensitronix, the electronic dog trainer collar, is being sold for one-half its regular price of \$198.
3. The collar is completely water-proof.
4. The Sensitronix collar with transmitter (trainer) has a range of six linear miles.
5. The Frontiersman model metal detector will detect a nickel

buried five to seven inches, a silver dollar eight to twelve inches and a fairly large bag of coins twenty to thirty inches.

PAR. 6. In truth and in fact:

1. All Relco Metal Detector models are not the most powerful in their respective price group.
2. Sensitronix electronic trainer collar is not being sold for one-half its regular price of \$198 in that its usual selling price is \$99.
3. The Sensitronix electronic trainer collar is not water-proof.
4. The range of the Sensitronix collar and transmitter is less than six linear miles.
5. The Frontiersman model metal detector's ability to detect coins at certain depths is based on a number of parameters and no definite figures are meaningful without qualification.

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

PAR. 7. Furthermore, it was, and is a false, misleading and deceptive act and practice for respondents to seek to sell their products in the manner set forth in Paragraphs Four and Five hereof, while they knew, or as reasonably prudent businessmen, should have known, that their product would not operate and produce results as represented.

PAR. 8. In the course and conduct of their business, and at all times mentioned herein, respondents have been, and are now, in substantial competition, in commerce, with other corporations, firms and individuals engaged in the sale of products 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 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 such statements and representations were, and are, true and into the purchase of substantial numbers of respondents' products by reason of said erroneous and mistaken belief(s).

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 to respondents' competitors and constituted, and now constitute, unfair methods of competition in commerce and unfair and deceptive acts and practices in or affecting commerce, in violation of Section 5 of the Federal Trade Commission Act, as amended.

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 draft of the complaint which the Dallas 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 respondent of all the jurisdictional facts set forth in the aforesaid draft of the 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 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 sixty (60) days, now in further conformity with procedures prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Relco, Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Texas, with its office and principal place of business located at 2220 West 34th St., Houston, Texas.

2. Respondent Richard T. Harris, 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.

3. 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 Relco, Inc., a corporation, its successors and assigns, its officers, and Richard T. Harris as an officer of said corporation, and respondents' representatives, agents and employees, directly or through any corporation or subsidiary, division or other device, in connection with the advertising, offering for sale, or distribution of electronic metal detectors, animal training collars, welders, or other electronic items in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, as amended, do forthwith cease and desist from representing, directly or by implication, orally or in writing, or visually, that:

1. Relco Metal Detector models are the most powerful in their respective price group.

2. Sensitronix, an electronic dog trainer collar, is regularly priced at any figure unless substantial sales have been made at said figure or amount in the recent and regular course of respondents' business.

3. Any of the dog trainer collars are completely waterproof.

4. The range of the Sensitronix trainer is six (6) linear miles or greater.

5. Relco Metal Detectors will detect coins, minerals, ores, metals, etc., at any specific depth without qualification as to soil contents.

It is further ordered, That respondents shall cease and desist from:

1. Making any statement or representation in any advertisement, promotional material, or any oral sales promotion or solicitation for any product, unless such statement or representation is based upon and supported by prior, independent, fully documented, adequate and well-controlled scientific studies or tests;

2. Failing to maintain copies of all documentation for the studies referred to in subparagraph (1) of this paragraph.

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 solicitation literature, and any other promotional literature used in the advertising, promotion and sales of respondents' products.

It is further ordered, That respondents shall include a written statement with the purchase of any Relco Metal Detector or dog trainer collar that the purchaser may, within ten (10) days of the date of purchase or date of receipt, whichever is later, receive a refund of any monies paid for the merchandise if for any reason the purchaser is dissatisfied with the product.

It is further ordered, That respondents deliver a copy of this order to cease and desist to all agencies, operating divisions, and all their present and future personnel engaged in the manufacturing, advertising, offering for sale or sale and/or distribution of the respondents' products, and that respondents secure a signed statement acknowledging receipt of said order from each such person or agency.

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in either 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 this 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 in which they have complied with this order.

Commissioner Dole not participating by reason of absence.

Complaint

88 F.T.C.

IN THE MATTER OF

HONG KONG CUSTOM TAILORS, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION, TEXTILE FIBER PRODUCTS
IDENTIFICATION AND WOOL PRODUCTS LABELING ACTS

Docket C-2838. Complaint, Sept. 17, 1976 — Decision, Sept. 17, 1976

Consent order requiring a Washington, D.C., importer and seller of wool and textile fiber products, among other things to cease misbranding and mislabeling its wool and textile fiber products.

Appearances

For the Commission: *Michael Dershowitz.*

For the respondents: *Pro se.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, as amended, the Wool Products Labeling Act of 1939, and the Textile Fiber Products Identification Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Hong Kong Custom Tailors, Inc., a corporation, Hong Kong Custom Tailors of Maryland, Inc., a corporation, Hong Kong Custom Tailors of Springfield, Virginia, Inc., a corporation, Hong Kong Custom Tailors, Virginia, Inc., a corporation, and Lal I. Keswani, individually and as an officer of said corporations, hereinafter referred to as respondents, have violated the provisions of said Acts and the rules and regulations promulgated under the Wool Products Labeling Act of 1939 and the Textile Fiber Products Identification Act, and it now 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 Hong Kong Custom Tailors, Inc. 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 located at 2007 Florida Ave., N.W., Washington, D.C.

Respondent Hong Kong Custom Tailors of Maryland, Inc. 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 located at Beltway Plaza, Greenbelt, Maryland.

Respondent Hong Kong Custom Tailors of Springfield, Virginia, Inc. is a corporation organized, existing and doing business under and by