

Complaint

92 F.T.C.

IN THE MATTER OF

NELSON BROTHERS FURNITURE CORP.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT*Docket C-2941. Complaint, Dec. 8, 1978 — Decision, Dec. 8, 1978*

This consent order, among other things, requires a Chicago, Ill. retailer of household goods to cease misrepresenting or failing to make relevant timely disclosures regarding the cost, savings, condition and availability of advertised merchandise; employing bait and switch tactics, or any other unfair or deceptive sales technique in the advertising and sale of its products. Additionally, the order provides customers with the right to arbitration for unresolved disputes and requires the firm to maintain prescribed business records for a period of three years.

*Appearances*For the Commission: *Nathan P. Owen.*For the respondent: *Sidley & Austin, 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 Nelson Brothers Furniture Corp., hereinafter referred to as respondent, has 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 Nelson Brothers Furniture Corp. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware with its principal office and place of business located at 2750 West Grand Ave., Chicago, Illinois.

PAR. 2. Respondent is engaged in the operation of retail stores in the States of Illinois and Wisconsin. Its volume of business is substantial. In the operation of its retail stores respondent maintains showrooms in which it offers and sells to its customers an extensive line of home furnishings, bedding, carpeting, televisions, appliances and other merchandise. Much of the said merchandise is purchased from numerous suppliers located throughout the United States.

PAR. 3. In the course and conduct of its business, respondent causes, directly or indirectly, the aforesaid merchandise to be

shipped and distributed from manufacturing plants, warehouses, or from other sources of supply to its warehouses, distribution centers, or retail stores located in various states other than the state of origination, distribution or storage of said merchandise. Respondent maintains a substantial course of trade in the distribution, advertising, offering for sale and sale of the aforesaid merchandise in or affecting Commerce, as "commerce" is defined in the Federal Trade Commission Act, as amended.

PAR. 4. In the course and conduct of its business, as aforesaid, respondent disseminated and caused to be disseminated certain advertisements concerning the aforesaid merchandise by various means, including but not limited to advertisements in newspapers of general and interstate circulation, in radio and television broadcasts of interstate circulation and in other advertising media, for the purpose of inducing and which were likely to induce, directly or indirectly, the purchase of said merchandise from respondent in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, as amended. Many of the said advertisements list, describe or depicted various items of said merchandise and also contained statements and representations concerning the price or terms at which said merchandise was offered for sale and sold to the public. Many of said advertisements contain further direct and express statements and representations concerning the time periods during which the offers were in effect.

PAR. 5. In the course and conduct of its business, and for the purpose of inducing the sale of its merchandise, respondent has made numerous statements and representations in newspaper advertisements, radio and television commercials and in other advertising media and in oral statements by salesmen to prospective customers.

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

1. Warehouse Clearance Sale. . . Every price has been slashed to ribbons to bring you the savings of a life time. . . Starting today. . . 3 Big Days of Super Savings "Nelson Warehouse Priced"

2. Out of Our Warehouse Must sell 3 rooms of furniture! 16 pc. living rm., 11 pc bdrm., complete dinette. \$333. Terms Nelsons' 2750 W. Grand (Classified Ad)

3. Hurry. . . Time is Running Out. Get This Beautiful 10-cup 'Toastmaster' Stainless Steel Automatic Coffee Maker Absolutely Free! Its yours Free with purchase of a Speed Queen Automatic Washer or Dryer with stainless steel drum. . .

4. Warehouse Sale

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* * * * *

Look! Here are. . . Down-To-Earth Price Reductions! Here's Your Big Chance To Save!

* * * * *

It's the Buying Opportunity of a Lifetime

5. Grouped to Save you Money and Beautify Your Home. Get Your Share of Savings on this Special 3-room Offer! Everything is complete. . . "From the Rugs on the Floor. . . To the Pictures on the Wall" \$688

6. Count the dollars you save on furniture by the roomful at Nelson Brothers' low warehouse prices Glamorous living roomfuls of furniture. . . complete from rugs on the floor to pictures on the wall. . . You'd expect the price tag to be \$500.00 . . . low warehouse priced from \$288.00.

Plenty of Credit for You. . . Free Delivery Too. (During the above television audio, slides were shown of 4 living room suites with the words "\$288.00" superimposed on the slides when mentioned in the audio.)

Nelson Brothers loves me, and they'll love you too! (Jingle; sung.)

PAR. 6. 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 conjunction with the oral statements and representations of respondent's salesmen to customers and prospective customers, respondent has represented that:

1. Respondent's merchandise was offered for sale at special or reduced prices, and that savings were afforded to purchasers from respondent's regular selling prices.

2. Purchasers of respondent's advertised merchandise would realize significant savings from the price at which said merchandise was offered for sale or sold at retail by respondent in its recent regular course of business.

3. Merchandise advertised for sale by respondent in room groupings for one stated price afforded special or significant savings which were not available if all of the products depicted in said room groupings were purchased as a group at times other than those during which the group was advertised as being "on sale."

4. Respondent's advertised offer was made for a limited time only.

5. The prices at which respondent offered merchandise for sale in their advertisements were the prices at which said merchandise was sold to all customers who purchased such merchandise during the effective duration of said advertised offer.

6. At least one, or more, of the room "groupings" pictured in

respondent's television advertisements were available as shown for the price or prices set forth in said advertisements.

7. Respondent was making a bona fide offer to sell the advertised merchandise at the prices and on the terms and conditions stated in the advertisements.

8. The prices shown on the hang tags attached to merchandise in respondent's showrooms and labeled as "Nelsons' Warehouse Price" were the amounts at which said merchandise was sold or offered for sale by respondent for a reasonable substantial period of time in the recent, regular course of its business.

9. All purchasers of merchandise would receive free gifts or bonuses with the purchase of said merchandise when such gifts or bonuses were mentioned in the advertised offer.

10. The prices quoted in respondent's advertisements were the full amount which a customer would have to pay to have the merchandise in working order, as pictured in the advertisement, in his home.

PAR. 7. In truth and in fact:

1. Respondent's products were not offered for sale at special or reduced prices and savings were not afforded purchasers by way of reductions from respondent's regular selling prices. The prices stated in respondent's advertisements were available to purchasers at other times, both before and after the effective period of said advertisements.

2. Purchasers of respondent's advertised merchandise did not realize significant savings from the prices at which said merchandise had been offered for sale or sold at retail in its recent, regular course of business. The prices represented in said advertisements did not constitute reductions from those at which the same merchandise was regularly offered for sale or was available for purchase from respondent in its regular course of business.

3. Merchandise advertised for sale by respondent in room "groupings" for one stated price did not afford purchasers special or significant savings from the cost of such merchandise if purchased as a group as depicted in said advertisements at times other than those during which the group was advertised as "on sale."

4. Respondent's advertised prices were often not available for a limited time only but were available to purchasers before during or after the limited time described in the advertised offer.

5. The prices at which respondent offered merchandise for sale in their advertisements were often not the prices at which said merchandise was sold to all purchasers thereof during the effective

duration of said advertised offer. The advertised prices were only available to purchasers of the advertised merchandise who specifically requested said merchandise at the advertised prices.

6. In many instances, some of the room "groupings" pictured in respondent's television advertisements were not available for purchase as shown for the price or prices set forth in said advertisements.

7. Respondent was not making a bona fide offer to sell the advertised merchandise at the prices and on the terms and conditions stated in its advertisements. Said offers were frequently made for the purpose of obtaining leads or prospects for the sale of other merchandise at higher prices.

8. The prices shown on the hang tags attached to merchandise in respondent's showrooms and labeled as "Nelsons' Warehouse Price" were not the prices at which said merchandise was sold to the public for a reasonably substantial period of time in the recent, regular course of respondents' business.

9. Purchasers of merchandise did not always receive advertised free gifts or bonuses. The gifts or bonuses mentioned in respondent's advertisements were only given to those purchasers who specifically requested them when purchasing said advertised merchandise.

10. The prices quoted in respondent's advertisements were not all costs a customer was required to pay to have that item in working condition, as pictured in the advertisement, in his home. In addition to the prices quoted, certain other charges were frequently made: such as; installation, set up or assembly, service and warranty charges.

PAR. 8. In the further course and conduct of its business respondent has caused to be advertised merchandise without disclosing in said advertising that such merchandise was used or not new or damaged or defective or was otherwise classified as "distressed." Furthermore, respondent has sold, or offered for sale or has delivered merchandise without disclosing, orally or in writing, at the time of sale that such merchandise was used or not new or damaged or defective or was otherwise classified as "distressed."

Therefore, respondent's failure to disclose in advertising to prospective customers and failure to inform prospective customers or purchasers, orally or in writing, at the time of sale, that merchandise to be sold or offered for sale was used or not new or damaged or defective or was otherwise classified as "distressed" in furtherance of their deceptive advertising and sales practices, was an unfair or

deceptive practice, in violation of Section 5 of the Federal Trade Commission Act, as amended.

PAR. 9. In the further course and conduct of its business, respondent has made in its advertisements, offers of specific items of merchandise for sale at certain prices during certain times at certain of their stores. During the effective period of said advertisements, respondent has failed to have:

1. Each advertised item clearly and conspicuously available for sale to the public in each and every retail showroom at which the item was advertised as available;

2. At each location where an advertised item was displayed for sale, a sign or other marking clearly disclosing the item which was "as advertised" or "on sale";

3. Each advertised item individually and clearly marked with a price which was equal to or less than the advertised price;

4. Each advertised "room grouping" clearly and conspicuously marked with a "group" price which was at or below the advertised price; and

5. Each item included in the advertised group clearly and conspicuously listed and disclosed separately from items not included within the group.

Respondent's failure to adequately identify items in its showrooms or to have advertised items available in its showrooms, encouraged its salespersons to engage in bait and switch selling practices and other deceptive, false or misleading sales tactics.

PAR. 10. The use by respondent of the aforesaid unfair, false, misleading or deceptive statements, representations, advertisements, acts or practices, has had the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements, representations and advertisements were true and into the purchase of substantial quantities of respondents' merchandise by reason of said erroneous and mistaken belief.

PAR. 11. In the course and conduct of the aforesaid business, and at all times mentioned herein, respondent has been, and now is, in substantial competition, in or affecting commerce, with corporations, firms and individuals engaged in the sale of merchandise of the same general kind and nature as the aforesaid merchandise sold by the respondent.

PAR. 12. The aforesaid acts and practices of the respondent as herein alleged, were all to the prejudice and injury of the public and the respondent's competitors and constituted unfair methods of

competition in commerce and unfair or deceptive acts or 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 respondent named in the caption hereof, and the respondent 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 respondent with violation of the Federal Trade Commission Act; and

The respondent 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 complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent 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 respondent has 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 sixty (60) days, and having duly considered comments filed pursuant to Section 2.34 of its Rules, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

A. Proposed Respondent Nelson Brothers Furniture Corp. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware with its principal office and place of business located at 2750 West Grand Ave., Chicago, Illinois.

B. 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

A. It is ordered that respondent, Nelson Brothers Furniture Corp., a corporation, its successors and assigns, directly or through

its officers, agents, representatives, sales persons and employees, or through any corporation, subsidiary, division or any other device, in connection with the advertising, offering for sale, sale and distribution of home furnishings, bedding, carpeting, televisions, appliances, or any other merchandise, to the public, in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, as amended, do forthwith cease and desist from:

1. Advertising or offering for sale any merchandise at a special or reduced price, unless such price constitutes a significant reduction from the price at which such merchandise has been sold or openly offered for sale by respondent for a reasonably substantial period of time in the recent, regular course of respondent's business.

2. Advertising or offering for sale any group, set, suite, or similar combination of merchandise at a group "sale" price, or price described by words of similar meaning or import, unless the "sale" price at which the merchandise is offered constitutes a bona fide and reasonably significant reduction from the most recent price at which the group was sold or openly offered for sale for a reasonably substantial period of time in the recent, regular course of respondent's business.

3. Advertising or offering for sale any merchandise which is limited as to quantity or availability unless such limitations are clearly and conspicuously disclosed in such advertising or offering in immediate conjunction with or in close proximity to the advertised merchandise so limited and the limitations are actually enforced and adhered to.

4. Failing to sell or to offer for sale advertised merchandise at the terms and conditions and at or below the price disclosed in the advertisement for the said merchandise.

Provided, however, that it shall constitute a defense to a charge under Paragraph 3 or 4 of this order if respondent maintains records sufficient to show that: a) the advertised merchandise was ordered in normally adequate time for delivery, b) the advertised merchandise was ordered in quantities sufficient to meet reasonably anticipated demands and c) the advertised merchandise was not delivered to the customer due to circumstances beyond the respondent's control.

5. Using pictorial representations of two or more items of merchandise in conjunction with a stated price or range of prices when all of the merchandise in the pictorial representations is not being offered at the stated price or range of prices, unless a clear and conspicuous disclosure is made in immediate conjunction with or in close proximity to the stated price or range of prices identifying

merchandise which is included or is not included in the stated price or range of prices.

6. Using, in any manner, a sales plan, scheme, or device wherein false, misleading, or deceptive statements or representations are made in order to obtain leads or prospects for the sale of merchandise.

7. Advertising or offering for sale, orally or in writing, any merchandise or services when the purpose of the advertising or offer is not to sell the offered merchandise or services but to obtain leads or prospects for the sale of other merchandise or services at higher prices.

8. Discouraging or disparaging the purchase of any merchandise or services which are advertised or offered for sale.

9. Representing that any price is respondent's regular, usual, former, customary or original price, unless such price is the price at which such merchandise or service has been sold or openly offered for sale by respondent for a reasonably substantial period of time in the recent and regular course of respondent's business, and does not exist for the purpose of establishing a fictitious price upon which a deceptive comparison, or "free" or similar offer might be based.

10. Using the words "free" or "gift" or any other word or words of similar import or meaning in connection with the sale, offering for sale or distribution of respondent's merchandise or services in advertisements or other offers to the public, as descriptive of an article of merchandise or service:

(a) When all the conditions, obligations, or other prerequisites to the receipt and retention of the "free" or "gift" article of merchandise or service offered are not clearly and conspicuously disclosed in immediate conjunction with or in close proximity to the "free" or "gift" offer.

(b) When, with respect to any article of merchandise or service required to be purchased in order to obtain the "free" or "gift" article or service, the offeror either (i) increases the ordinary and usual price of such merchandise or service or (ii) reduces the quality or (iii) reduces the quantity or size thereof.

11. Failing to give "free" or "gift" merchandise to all persons who complied with the terms and conditions of the "free" or "gift" offer.

12. Using pictorial representations in advertising, unless such pictorial representations describe or show the advertised merchandise with sufficient clarity so that the advertised merchandise can be

readily identifiable by potential customers when visiting respondent's showrooms.

13. Failing to disclose in advertising, in a clear and conspicuous manner, in immediate conjunction with or in close proximity to the advertised merchandise, that such merchandise is used or not new or damaged or defective or is otherwise classified as "distressed" if such is the case.

14. Failing to inform all customers at the time of sale and to provide in writing on the face of all order forms, in close proximity to the description and price of the merchandise being sold that such merchandise is used or not new or damaged or defective or is otherwise classified as "distressed" if such is the case.

15. Failing to inform all customers at the time of sale and to provide in writing on the face of all order forms, in close proximity to the description and price of the merchandise being sold, that such merchandise will be sold "as is," or "as shown" with defects, irregularities or damage if such is the case.

16. Failing to have each customer who has agreed to purchase merchandise on an "as is" or "as shown" basis, sign at the time of sale, the following statement stamped on the face of the order form in close proximity to a description of the merchandise and written in the same language as that used in the sales presentation, with text of not less than ten-point boldface type:

THE ABOVE DESCRIBED MERCHANDISE IS SOLD "AS IS" OR "AS SHOWN" WITH DEFECTS, IRREGULARITIES OR DAMAGE.

CUSTOMER SIGNATURE

17. Failing to disclose in its advertising and at the time of sale that in addition to the price quoted in respondent's advertising, certain other charges, as applicable, are made for installation, assembly, delivery or for other services performed in connection with the sale or delivery of merchandise.

18. Failing to maintain and produce for inspection and copying for a period of three years from the date of service of this order, or the date of the event, whichever is later, adequate records to document:

- a. Respondent's total costs for each advertisement run by them during the three years; and
- b. The volume of sales made of the advertised product or service at the advertised price; and
- c. The factual basis for any representations or statements as to

special or reduced prices, as to usual or customary retail prices, as to savings afforded purchasers, and as to similar representations of the type described in Paragraphs A.1. and A.2. of this order; and

d. The number of advertised items in stock as of the first day the advertisement is run, the last day the advertisement is run, and six weeks to the day after the termination of the publication of the advertisement; and

e. Copies of all advertisements, including newspapers, radio and television advertisements, direct mail and in-store solicitation literature and any other promotional material distributed to the public; and

f. The names and addresses of all customers who purchased "as is" or "as shown" merchandise.

B. *It is further ordered*, That respondent cease and desist from advertising or offering for sale any merchandise at any stated price, unless during the effective period of an advertised offer:

1. Each advertised item is clearly and conspicuously available for sale to the public at or below the advertised price in each store covered by the advertisement;

2. At each location within each store where an advertised item is displayed there is a sign or other conspicuous marking attached to or in close proximity to the item clearly disclosing that the item is "advertised" or "on sale" or words of similar import and meaning;

3. Each advertised item is individually and clearly marked with the price which is at or below the advertised price; and

4. Each advertised "room grouping" is clearly and conspicuously marked by a "group" price which is at or below the advertised price; and

5. Each item included in the advertised group is clearly and conspicuously listed and disclosed separately from items not included within the group.

C. *It is further ordered*, That respondent shall deliver a copy of this order to cease and desist to each of its operating divisions and to each of its present and future officers, directors, and personnel engaged in any way in the offering for sale, sale or distribution of any product, in any aspect of preparation, creation or placing of any and all advertisements, and in any processing, counselling, consummation or enforcement of any extension of consumer credit, and that respondents secure a signed statement acknowledging receipt of said order from each such person.

D. *It is further ordered*, That respondent shall provide each

present and future advertising agency utilized by respondents with a copy of this order to cease and desist.

E. *It is further ordered*, That in addition to other rights given to a customer pursuant to this order, if the respondent and a customer are unable to agree upon a settlement of any controversy which is concerned with or relates to the quality, quantity, condition, repair or replacement of furniture, appliances, or other merchandise, or the failure to replace or repair damaged or defective merchandise, or to make cancellations with refunds with respect thereto, then, at the option of the customer, such customer shall have the right to submit the issues to an impartial arbitration procedure entailing no mandatory administrative cost or filing fee to the customer, which shall be conducted in accordance with the arbitration rules and procedures of the Arbitration Program of the Better Business Bureau of Metropolitan Chicago, Inc., 35 E. Wacker Drive, Chicago, IL 60601. Customers of respondent's Wisconsin stores who elect to seek arbitration pursuant to this paragraph shall be entitled to a proceeding conducted in accordance with the arbitration rules and procedures of the Council of Better Business Bureaus, Inc., 1150 17th St., N.W., Washington, D.C. 20036 conducted by the Better Business Bureau of Greater Milwaukee, 174 W. Wisconsin Ave., Milwaukee, Wisconsin 53203.

F. *It is further ordered*, That respondent comply with and abide by any award or decision rendered pursuant to the arbitration provision hereof.

Furthermore, respondent shall not be entitled to prevent arbitration pursuant to any provision of this order by reason of having obtained a default judgment against any customer in an action for money allegedly due the respondents or their assignees.

G. *It is further ordered*, That respondent shall provide notification to customers of their right to submit such controversy to arbitration by prominently displaying the following notice in all its stores at the location where customers usually execute consumer credit instruments or other legally binding documents, such notice being written in the same language as that used in the sales presentation with text of not less than ten-point boldface type:

NOTICE TO ALL CUSTOMERS

Any controversy which is concerned with or relates to the quality, quantity, condition, repair or replacement of furniture, appliances or other merchandise, or the failure to replace or repair damaged or defective merchandise, or to make cancellations with refunds with respect thereto shall be settled, at the option of the customer, and at no cost to the customer, by arbitration.

(Illinois stores conclude:)

Such arbitration shall be conducted in accordance with the rules and procedures of the Arbitration Program of the Better Business Bureau of Metropolitan Chicago, Inc. Consumers seeking arbitration should contact the Better Business Bureau of Metropolitan Chicago, Inc., whose offices are located at 35 E. Wacker Drive, Chicago, Illinois 60601, telephone (312) 346-3313.

Under Illinois state law, arbitration, if undertaken is legally binding and final!

(Wisconsin stores conclude:)

Such arbitration shall be conducted in accordance with the rules and procedures of the Council of Better Business Bureaus, Inc., 1150 17th Street N.W., Washington, D.C. 20036 conducted by the Better Business Bureau of Greater Milwaukee. Consumers seeking arbitration should contact the Better Business Bureau of Greater Milwaukee, Wisconsin 53203, telephone (414) 273-4300.

Under Wisconsin state law, arbitration, if undertaken is legally binding and final!

Respondent is authorized and directed to change the instructions, contained in the Notice set forth above as to how to secure arbitration, if circumstances require.

H. *It is further ordered*, That respondent shall maintain full and complete records and copies of all complaint correspondence received from customers, and any internal memoranda written in connection therewith, and full and complete records of all oral complaints and requests for service or repair, for a period of three (3) years from the date of receipt thereof.

I. *It is further ordered*, That nothing contained in this order shall be construed in any way to annul, invalidate, repeal, terminate, modify or exempt respondent from complying with agreements, orders or directives of any kind obtained by any other municipal, state or federal agency, except to the extent that they are inconsistent with the terms and conditions of this order, or act as a defense to actions instituted by municipal, state or federal agencies.

Nothing in this order shall be construed to imply that any past or future conduct of respondent complies with the rules and regulations of, or the statutes administered by, the Federal Trade Commission.

J. *It is further ordered*, That the respondent notify the Commission at least 30 days prior to any proposed change in the 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 or corporate structure which may affect compliance obligations arising out of this order.

K. *It is further ordered*, That respondent herein shall, within sixty (60) days after service upon it of this order, file with the

Commission a report, in writing, setting forth in detail the manner and form in which it has complied with this order.

Complaint

92 F.T.C.

IN THE MATTER OF
LOCKHEED CORPORATION

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION AND CLAYTON ACTS

Docket C-2942. Complaint, Dec. 21, 1978 — Decision, Dec. 21, 1978

This consent order, among other things, requires a Burbank, Calif. aircraft manufacturer and its subsidiaries to cease offering or making payments to influential foreign entities for the purpose of preventing competition in the sale of their aircraft abroad; and to keep adequate documentation for all payments, brokerage fees, commissions, or political campaign contributions paid to any one foreign party which total annually in excess of \$100,000. Respondents are additionally required to report to the Commission, within ten days, any corporate policy change which relates to foreign sales activities.

Appearances

For the Commission: *Daniel A. Laufer* and *Jaime Taronji, Jr.*

For the respondent: *Roger Clark, Rogers & Wells*, Washington, D.C.

COMPLAINT

The Federal Trade Commission, having reason to believe that Lockheed Corporation, a corporation under the jurisdiction of the Commission, has violated Section 2(c) of the Robinson-Patman Act (15 U.S.C. 13(c)) and Section 5 of the Federal Trade Commission Act (15 U.S.C. 45), and that a proceeding in respect thereof would be in the public interest, hereby issues its complaint, pursuant to Section 5(b) of the Federal Trade Commission Act (15 U.S.C. 45(b)), stating its charges as follows:

PARAGRAPH 1. Lockheed Corporation (hereinafter "Lockheed") is a California corporation with its principal office and place of business located at 2555 Hollywood Way, Burbank, California.

PAR. 2. At all times relevant herein, Lockheed was engaged in the purchase or sale of products and services in interstate and foreign commerce and was a corporation whose business was in or affected commerce within the meaning of the Federal Trade Commission Act, as amended.

PAR. 3. Between 1970 and 1975, in connection with certain export sales of jet aircraft by Lockheed in competition with other domestic aircraft manufacturers, Lockheed made payments to or intended for foreign government officials or officers or employees of foreign commercial customers who were in a position to make or influence the decision whether or not to purchase the aircraft offered for sale