

IN THE MATTER OF

CHRISTIAN SERVICES INTERNATIONAL, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF SEC. 5 OF
THE FEDERAL TRADE COMMISSION ACT*Docket C-3127. Complaint, Oct. 27, 1983—Decision, Oct. 27, 1983*

This consent order requires a Stilwell, Kansas developer, marketer, and operator of life care homes throughout the country, among other things, to cease representing, unless true, that its life care homes are affiliated with any religious denomination or group who may also be morally or legally responsible for the home; that there is little or no risk involved in entering into a life care contract; that service fees will never exceed corresponding social security increases; that the mortgagor of the home ensures the economic survival of the home; and that the corporation has established reserve funding to ensure the home's financial security. Further, respondents are required to give prospective residents, at least five days before they execute a life care contract, specific disclosures concerning the home's financial status and other relevant information which could influence their decision to enter a life care home. The order also requires respondents to send to all present and future personnel engaged in the sale or promotion of life care contracts a copy of the order and a form on which they can acknowledge their intention of complying with the order's provisions. Additionally, Kenneth Berg must notify the Commission of any change in his present business or employment relating to the marketing, management and operation of any life care home, nursing home or foster care facility and, for a period of 10 years, promptly advise the Commission of his affiliation with any new such concern.

Appearances

For the Commission: *Henry R. Whitlock, Christopher G. FitzPatrick, Dennis J. Saffran and Roger Paszamant.*

For the respondents: *A. Glenn Sowders, Jr., Kansas City, Mo.*

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 Christian Services International, Inc., a corporation, and Kenneth P. Berg, 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 purpose of this complaint the following definitions shall apply:

(a) *Entrance Fee* shall mean money or other property transferred or promised to be transferred as consideration for one or more individuals' becoming a resident or residents of a life care home pursuant to a life care contract. Such fee may be paid upon the initial entrance of a resident to a life care home or may be deferred.

(b) *Life Care Contract* shall mean a contract between a resident and a provider to provide the resident, for the duration of such resident's life, living accommodations and related services in a life care home together with nursing care services, medical services and/or other health-related services, conditioned upon the transfer of an entrance fee to the provider, and which may be further conditioned upon the payment of periodic service fees.

(c) *Life Care Home* shall mean the facility or facilities occupied, or planned to be occupied, by residents or prospective residents where a provider undertakes to provide living accommodations and services pursuant to life care contracts.

(d) *Provider* shall mean the person, corporation, partnership, association or other legal entity which undertakes to provide residents with living accommodations and services pursuant to life care contracts.

(e) *Resident* shall mean a person who has entered into a life care contract with a provider.

(f) *Service Fee* shall mean a periodic fee in addition to the entrance fee charged to a resident by a provider pursuant to a life care contract.

PAR. 2. Respondent Christian Services International, Inc. ("CSI") is a corporation organized and existing under the laws of the State of Missouri, with its offices and principal place of business located at 5809 West 164th Street, Stilwell, Kansas.

Respondent Kenneth P. Berg is sole stockholder 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 business address is the same as that of the corporate respondent.

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

PAR. 3. Respondents are now, and for some time last past have been, engaged in the business of planning, developing, structuring finance for, promoting, marketing, designing, supervising construction of and operating life care homes in many States of the United States.

PAR. 4. In the course and conduct of the aforesaid business, respondent CSI commonly enters into long-term management, marketing

and/or development contracts with providers. Pursuant to such contracts CSI often assumes control over the operations of life care homes. Specifically, such contracts commonly authorize CSI to make all contracts which are necessary for the maintenance of the life care homes; give it sole authority to establish rates for entrance fees, service fees and charges for all other services offered by the providers; authorize it to hire administrators and executive directors who are employees of CSI; and give it responsibility for the advertising for and marketing of life care contracts.

PAR. 5. In the course and conduct of the aforesaid business, respondents now cause, and for some time last past have caused, promotional materials, contracts and various business papers to be transmitted through the U.S. mail and other interstate instrumentalities from their places of business in various States of the United States to their agents, employees, purchasers and prospective purchasers of life care contracts in various other States of the United States. Respondents maintain and operate and, for some time last past, have maintained and operated places of business and have made substantial sales to purchasers of life care contracts in various States of the United States. Respondents maintain and, at all times mentioned herein, have maintained a substantial course of trade in said life care contracts in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, as amended.

PAR. 6. In the course and conduct of the aforesaid business and at all times mentioned herein, respondents have been and now are in substantial competition, in or affecting commerce, with corporations, firms and individuals in the marketing of life care contracts and the development and/or management of life care homes.

PAR. 7. In the course and conduct of the aforesaid business, respondents disseminate advertisements through television and radio broadcasts and in various publications of general circulation, distribute promotional material through the mail and in person to members of the public, and make sales presentations by means of oral and written statements.

PAR. 8. In the advertisements, promotional material and sales presentations alleged in Paragraph Seven herein, respondents have utilized corporate trade names with religious connotations, have emphasized the fact that the individual respondent is an ordained minister, have utilized religiously oriented names for many of the life care homes which they market, and have made various other statements and representations relating to the religious affiliation of many of the life care homes managed and/or marketed by respondents. By and through such means, respondents have represented, directly or by implication, to purchasers and prospective purchasers

of life care contracts that the life care homes marketed by them may be affiliated with some religious organization and that such organization may be legally and/or morally responsible for the debts and obligations of the providers of such life care homes.

PAR. 9. In truth and in fact, no life care home marketed by respondents has any affiliation with any religious denomination or congregation or other religious organization which entails a legal or moral responsibility for the debts and obligations of the providers of such life care homes. Therefore, the acts or practices alleged in Paragraphs Seven and Eight herein are unfair and deceptive.

PAR. 10. By and through the advertisements, promotional material and sales presentations alleged in Paragraph Seven herein, respondents have represented, directly or by implication, that there is little or no financial risk involved in entering into the life care contracts offered by them.

PAR. 11. In truth and in fact, in a significant number of instances, the life care contracts which respondents are offering to prospective residents may involve significant financial risk. Therefore, the acts or practices alleged in Paragraphs Seven and Ten herein are unfair and deceptive.

PAR. 12. By and through the advertisements, promotional material and sales presentations alleged in Paragraph Seven herein, respondents have represented, directly or by implication, that large institutional lenders which hold mortgages on the life care homes marketed by respondents would ensure their financial stability and economic survival.

PAR. 13. In truth and in fact, the lenders holding mortgages on life care homes marketed by respondents have no legal obligation to ensure the economic survival of the life care homes covered by their mortgages. Therefore, the acts or practices alleged in Paragraphs Seven and Twelve herein are unfair and deceptive.

PAR. 14. By and through the advertisements, promotional material and sales presentations alleged in Paragraph Seven herein, respondents have represented, directly or by implication, that increases in the service fees at the life care homes marketed by respondents, if necessary at all, would in no instance exceed corresponding increases in average Social Security benefits over the same periods of time.

PAR. 15. In truth and in fact, in many instances life care homes marketed by respondents have raised monthly service fees in amounts exceeding corresponding increases in average Social Security benefits over the same periods of time. Therefore, the acts or practices alleged in Paragraphs Seven and Fourteen herein are unfair and deceptive.

PAR. 16. By and through the advertisements, promotional material

and sales presentations alleged in Paragraph Seven herein, respondents have represented, directly or by implication, that providers of many of the life care homes marketed by respondents have established sizable reserve funds, and that these reserve funds exist to ensure the financial protection of residents' interests in their life care contracts.

PAR. 17. In truth and in fact, reserve funds established at life care homes marketed by respondents commonly exist primarily for the protection of the mortgagees' investments, and not for the protection of the residents' interests, and may be later waived by the mortgagees. Therefore, the acts or practices alleged in Paragraphs Seven and Sixteen herein are unfair and deceptive.

PAR. 18. By and through the advertisements, promotional material and sales presentations alleged in Paragraph Seven herein, respondents have misrepresented the financial positions and net worths of the providers of life care homes marketed by them by utilizing an accounting method which in the circumstances failed to match appropriately revenues to expenses, and which resulted in the overstatement of the financial positions and the net worth of many of the providers of such life care homes. Therefore, the acts or practices alleged herein and in Paragraph Seven are unfair and deceptive.

PAR. 19. In the course and conduct of the aforesaid business, respondents have offered and are offering for sale life care contracts without disclosing to prospective purchasers that architectural, construction supervisory and various other services at life care homes managed and/or marketed by respondents are commonly provided by various operating divisions and affiliates of the corporate respondent; that independent contractors commonly do not have the opportunity to competitively bid to provide such services; and that through the provision of such services the corporate respondent realizes various separate and substantial fees from the providers of such life care homes. Therefore, respondents have failed to disclose material facts relating to their sale of life care contracts which, if known to certain prospective purchasers, would likely affect their consideration whether to purchase such a life care contract. Such failure to disclose is an unfair and deceptive act or practice.

PAR. 20. In the course and conduct of the aforesaid business, respondents have offered and are offering for sale life care contracts without disclosing to prospective purchasers material facts with respect to: (1) pending litigation against respondents and/or the providers of the life care homes marketed by respondents, which, if adversely determined, might materially affect the ability of respondents or such providers to fulfill their obligations under the life care contracts; (2) a currently effective administrative order relating to

respondents' marketing practices. Such material facts, if disclosed, would likely affect the decisions of certain prospective purchasers as to whether to purchase such a life care contract. Such failure to disclose is an unfair and deceptive act or practice.

PAR. 21. In the course and conduct of the aforesaid business, respondents have offered and are offering to prospective residents of life care homes marketed by them the option of paying all or a portion of their entrance fees in advance as a refundable deposit to ensure future residency in such life care homes without disclosing that in many instances the payments are not escrowed or set aside in separate accounts for such future residents. Therefore, respondents have failed to disclose material facts relating to their treatment of prepaid entrance fees which, if known to certain prospective residents, would likely affect their consideration whether to prepay their entrance fees or purchase a life care contract. Such failure to disclose is an unfair and deceptive act or practice.

PAR. 22. In the course and conduct of the aforesaid business, respondents have offered and are offering for sale life care contracts without disclosing to prospective purchasers that certain of the moneys derived from entrance fees and service fees are sometimes used in connection with transactions involving entities not directly related to the specific life care homes in which the prospective purchasers may reside. Therefore, respondents have failed to disclose material facts relating to the uses of the moneys to be paid by prospective purchasers, which if known to certain of them, would likely affect their consideration whether to purchase such a life care contract. Such failure to disclose is an unfair and deceptive act or practice.

PAR. 23. The use by respondents of the aforementioned unfair and deceptive acts or practices has had the capacity and tendency to mislead and deceive the purchasing public.

PAR. 24. The aforementioned acts or practices, as herein alleged, were and are all to the prejudice and injury of the public and respondents' competitors and constituted and now constitute unfair methods of competition in or affecting commerce and unfair and 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 respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the New York Regional Office proposed to present to the Commission for its consideration and

which, if issued by the Commission, would charge respondents with violations of the Federal Trade Commission Act; and

The respondents, their attorneys, 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 said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such an agreement on the public record for a period of sixty (60) days, and having duly considered the comments filed thereafter by interested persons 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:

1. Respondent Christian Services International, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Missouri, with its office and principal place of business located at 5809 W. 164th Street, in the City of Stilwell, State of Kansas.

Respondent Kenneth P. Berg 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

For the purposes of this order, the following definitions shall apply:

1. *Business Day* shall mean any calendar day except Saturday, Sunday and the following business holidays: New Year's Day, Washington's Birthday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day and Christmas Day.

2. *Entrance Fee* shall mean money or other property transferred or promised to be transferred as consideration for one or more individu-

als becoming a resident or residents of a life care home pursuant to a life care contract. Such fee may be paid upon the initial entrance of a resident to a life care home or may be deferred.

3. *Life Care Contract* shall mean a contract between a resident and a provider to provide the resident, for the duration of such resident's life, living accommodations and related services in a life care home together with nursing care services, medical services and/or other health-related services, conditioned upon the transfer of an entrance fee to the provider, and which may be further conditioned upon the payment of periodic service fees.

4. *Life Care Home* shall mean the facility or facilities occupied, or planned to be occupied, by residents or prospective residents where a provider undertakes to provide living accommodations and services pursuant to a life care contract.

5. *Provider* shall mean the person, corporation, partnership, association or other legal entity which undertakes to provide residents with living accommodations and services pursuant to life care contracts.

6. *Resident* shall mean a person who has entered into a life care contract with a provider.

7. *Service Fee* shall mean a periodic fee in addition to the entrance fee charged to a resident by a provider pursuant to a life care contract.

For purposes of this order, all required disclosures shall be made in a clear and conspicuous manner.

I.

It is ordered, That respondent Christian Services International, Inc. ("CSI"), a corporation, its successors and assigns, and its officers, and respondent Kenneth P. Berg, individually and as an officer of such corporation, and respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division or any other device, in connection with the advertising, offering for sale, or sale of any life care contract, in or affecting commerce, as commerce is defined in the Federal Trade Commission Act, as amended, do forthwith cease and desist from:

1. Representing, directly or by implication, that any religious denomination, organization or group is affiliated with a provider of any life care home marketed by respondents, or is legally or morally responsible for the debts and commitments of any provider of a life care home marketed by respondents, unless such is the fact.

2. Representing, directly or by implication, that there is little or no

financial risk involved in entering into a life care contract marketed by respondents.

3. Representing, directly or by implication, that any lender which holds a mortgage on a life care home marketed by respondents ensures the economic survival of the life care home covered by the mortgage, unless such is the fact.

4. Representing, directly or by implication, that service fees at life care homes marketed by respondents will never be increased, or that service fee increases will never exceed corresponding increases in Social Security benefits over equivalent periods of time, or that service fee increases will be limited by any other objective criteria, unless such is the fact.

5. Representing, directly or by implication, that any provider of a life care home marketed by respondents has established reserve funding which ensures financial ability to perform obligations to residents under its life care contract, unless such is the fact.

6. Failing to furnish each prospective resident, at least five business days prior to the execution of a life care contract, or at least five business days prior to the transfer of any money or other property to a provider by or on behalf of a prospective resident, whichever shall first occur, a disclosure statement which contains the following disclosures:

(a) A statement explaining any affiliation which the provider of the life care home marketed by respondents has with any religious denomination, organization or group, and the extent to which the affiliated religious denomination, organization or group will be responsible for the financial or contractual obligations of the provider; or, where no such affiliation exists, a statement that there is no affiliation with any religious denomination, organization or group.

(b) A statement that entering into a life care contract may involve significant financial risk, and that the prospective resident, before entering into the life care contract, should seek advice from an attorney, banker or other financial adviser who is independent of respondents and the provider.

(c) A statement explaining that a resident's interest provided by the life care contract is subject and subordinate to any mortgages on the life care home, or the interests of other creditors occupying a preferred status, if such is the fact.

(d) A statement that service fees are subject to periodic increases, if such is the fact.

(e) A statement describing the provisions that have been made, if any, to provide reserve funding or security as an aid to the provider in the performance of its obligations under life care contracts, includ-

ing, but not limited to, the establishment of escrow accounts, trusts, or reserve funds; and whether, and under what circumstances, such reserve funding or security may be waived or reduced by the provider, the mortgagee, or other parties; or, where no provision for reserve funding or security has been made, a statement that such does not exist.

(f) A statement listing all fees to which respondents or the operating divisions, subsidiaries or affiliates of the corporate respondent are or will be entitled to be paid pursuant to contract or contracts with the provider including, but not limited to, fees for consulting, architectural, construction supervisory, marketing and management services. Such statement shall describe the nature of the services rendered or to be rendered, the fee rates or percentages, and the trade names under which respondents perform such services.

(g) A statement listing the names and addresses of all professional services, firms, associations, trusts, partnerships or corporations in which respondents have, or which have in respondents, a ten percent or greater interest and which provide, or intend to provide, goods, leases or services to the provider of a value of \$500 or more within any year, and a description of the goods, leases or services and the cost or probable or anticipated cost thereof to the provider, or a statement that such cost cannot presently be estimated, if such is the fact.

(h) A statement describing any currently effective injunctive or restrictive order of a court of record, or any federal or state administrative order, to which respondents and/or the provider are subject, relating to the marketing, management or operation of, without limitation, a life care home, retirement home, home for the aged, nursing home or foster care facility. The statement shall set forth the date and nature of the order and identify the court or authority which issued it. The statement required herein need not include orders which do not materially affect the financial condition of the life care home being marketed, or affect respondents' ability to market, manage or operate said home.

(i) A statement describing briefly the material facts with respect to pending litigation to which respondents and/or the provider are a party, and any outstanding but unsatisfied judgments against respondents and/or the provider, involving the marketing, management or operation of any life care home. The statement required herein need not include disclosure of litigation or claims which, if adversely determined, would cause no material adverse change in the properties or financial condition of the life care home being marketed, or would cause no material adverse change in respondents' ability to market, manage or operate said home.

(j) A statement as to whether advance payments made by prospec-

tive residents as all or a portion of their entrance fees are set aside in escrow accounts with banks, trust companies or other escrow agents.

(k) A statement disclosing that revenues derived from entrance fees or service fees have been, or are intended to be, used in connection with ventures not directly related to the specific life care home in which the prospective purchaser may reside, if revenues are so used. The statement shall list the total amount of expenditures made or planned to be made in connection with such ventures.

7. Failing to furnish each prospective resident, at the time the disclosure statement required by Paragraph 6 is furnished, at least the following financial information:

(a) An audited financial statement of the provider prepared by an independent certified public accountant, including a balance sheet as of the end of the most recent fiscal year and income statements for the three most recent fiscal years or such shorter period of time as the provider shall have been in existence. If the provider's fiscal year ended more than ninety (90) days prior to the contract date or date of transfer of money or other property, and audited financial statements for that fiscal year are not yet available, interim financial statements shall be included, but need not be certified.

(b) A development budget for any life care home in a planning, development or expansion stage. The budget shall consist of a statement of the anticipated source and application of the funds used or to be used in the purchase or construction of any facility or building which is planned or under development.

(c) Pro forma financial statements which shall include pro forma annual income statements and balance sheets of the provider for a period of not less than five fiscal years. The pro forma annual income statements shall include:

(i) A beginning cash balance consistent with the certified income statement required by subsection (a) of this paragraph or, if operations at the life care home have not commenced, consistent with the statement of anticipated source and application of funds required by subsection (b).

(ii) Anticipated earnings on cash reserves, if any.

(iii) Estimates of net receipts from entrance fees, other than entrance fees included in the statement of source and application of funds required by subsection (b), less estimated entrance fee refunds, if any. A description of the actuarial basis and method of calculation for the projection of entrance fee receipts shall be included.

(iv) An estimate of gifts or bequests if any are to be relied on to meet operating expenses.

(v) A projection of estimated income from fees and charges other than entrance fees, showing individual rates presently anticipated to be charged and including a description of the assumptions used for calculating the estimated occupancy rate of the life care home and the effect on the income of the life care home of government subsidies for health care services, if any, to be provided pursuant to the life care contracts.

(vi) A projection of estimated operating expenses of the provider of the life care home, including a description of the assumptions used in calculating the expenses, and separate allowances, if any, for the replacement of equipment and furnishings and anticipated major structural repairs or additions.

(vii) An estimate of annual payments of principal and interest required by any mortgage loan or other long-term financing.

In the treatment of entrance fees which are included in any of the financial statements required by this Paragraph an accounting method must be utilized which conforms to generally accepted accounting principles and which appropriately matches revenues to expenditures.

II.

It is further ordered:

(a) That respondents deliver, by certified mail or in person, a copy of this order to all of their present or future salesmen and other employees who sell or, through personal contact or telephone communication with prospective residents, promote the sale of life care contracts, and to any advertising agency utilized by respondents.

(b) That respondents provide a form to each of the persons referred to in subparagraph (a) of this paragraph, to be returned to respondents, clearly affirming the intention of that person to be bound by and to conform his practices with the requirements of this order;

(c) That respondents inform in writing each of the persons in their employ referred to in subparagraph (a) of this paragraph that respondents are required by this order not to use, and shall not use, any such person to sell or to promote the sale of life care contracts unless that person complies with the provisions of this order;

III.

It is further ordered, That the individual respondent named herein promptly notify the Commission of the discontinuance of his present business or employment relating to the marketing, management or

operation of, without limitation, a life care home, retirement home, home for the aged, nursing home or foster care facility. In addition, for a period of ten (10) years from the date of service of this order, the respondent shall promptly notify the Commission of each affiliation with any new business or employment relating to the marketing, management or operation of a life care home, retirement home, home for the aged, nursing home or foster care facility. Each such notice shall include the respondent's new business address and a statement of the nature of the aforesaid business or employment in which the respondent is newly engaged as well as a description of respondent's duties and responsibilities in connection with the aforesaid business or employment. The expiration of the notice provision of this paragraph shall not affect any other obligation arising under this order.

IV.

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 subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

V.

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

VI.

It is further ordered, That the respondent 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
THE GILLETTE COMPANY

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF SEC. 5 OF
THE FEDERAL TRADE COMMISSION ACT AND SEC. 2 OF THE CLAYTON ACT

Docket 9152. Complaint, Feb. 19, 1981—Decision, Oct. 31, 1983

This consent order requires a leading manufacturer of razor blades, razors, toiletries and grooming aids, among other things, to make alternative advertising allowances available to customers that compete in the resale of Gillette products but do not regularly advertise in newspapers. The order requires the company to notify all its customers, as specified, of its advertising and promotional programs, and of the availability of usable and economically feasible alternatives. Such alternatives shall consist of handbills and circulars in amounts not less than 1,000; off-shelf, end-of-aisle or dump displays; window or wall posters and other in-store promotional activities acceptable to the company. Further, respondent must distribute a special written notice informing customers of the change in its promotional programs and provide sales personnel with a copy of the order.

Appearances

For the Commission: *Karen G. Bokat.*

For the respondent: *Stephen M. Axinn*, Boston, Mass. and *David Cavers, Jr., Palmer & Dodge*, Boston, Mass.

COMPLAINT

The Federal Trade Commission, having reason to believe that the above named respondent has violated and is now violating the provisions of Section 5 of the Federal Trade Commission Act, as amended (15 U.S.C. 41 *et. seq.*) and subsection (d) of Section 2 of the Clayton Act, as amended (15 U.S.C. 13), and believing that a proceeding by it in respect thereof is in the public interest, hereby issues this complaint, charging as follows:

PARAGRAPH 1. Respondent, The Gillette Company, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal place of business located at Prudential Tower Building, Boston, Massachusetts.

PAR. 2. Respondent is now and for many years has been engaged in the manufacture, sale and distribution of razor blades, razors, toiletries and grooming aids.

PAR. 3. In the course and conduct of its business, respondent has engaged and is now engaging in commerce, as "commerce" is defined