

IN THE MATTER OF

COSMO COMMUNICATIONS CORPORATION

CONSENT ORDER IN REGARD TO ALLEGED VIOLATION OF SEC. 5 OF THE
FEDERAL TRADE COMMISSION ACT

Docket C-3203. Complaint, Dec. 12, 1986—Decision, Dec. 12, 1986

This consent order prohibits, among other things, a Miami, Fla. manufacturer and seller of telephones from misrepresenting that its phones are capable of generating the tones necessary to access alternative long distance and banking services that require touch-tone phones.

Appearances

For the Commission: *Joel C. Winston and Steven A. Shaffer.*

For the respondents: *Pro se.*

COMPLAINT

The Federal Trade Commission, having reason to believe that Cosmo Communications Corporation, a corporation, ("Cosmo" or "respondent") has violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, alleges:

PARAGRAPH 1. Cosmo is a Florida corporation, with its offices and principal place of business located at 16501 N.W. 16th Court, Miami, Florida.

PAR. 2. Respondent manufactures, advertises, offers for sale, and sells consumer premises telephones and telephone equipment, including pushbutton pulse-only-generating ("touch pulse") telephones.

PAR. 3. The acts and practices of respondent alleged in this complaint have been in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. Typical of respondent's representations for certain of its touch pulse telephones, but not necessarily all-inclusive thereof, are those on the package label attached hereto as Exhibits A and B. The aforesaid representations include the following:

- (a) "Works with rotary and touchtone systems." (Exhibits A and B)
- (b) "ALL COSMO pulse/tone switchable circuitry telephones offer push button rotary lines and tone dialing systems and are compatible with MCI, ITT, AT&T, Sprint and Network systems." (Exhibit B)

(c) A picture of the face of the telephone prominently displaying its pushbutton keypad. (Exhibits A and B)

PAR. 5: Through the use of the statements and depictions referred to in Paragraph Four and other representations not specifically set forth herein, respondent has represented, directly or by implication, that:

(a) Respondent's touch pulse telephones are capable of generating tones to complete a call.

(b) Respondent's touch pulse telephones will permit the purchaser to use all available phone-accessed services requiring tone-generating telephones, such as alternative long distance service carriers and computerized bill paying and account transaction services.

PAR. 6. In truth and in fact,

(a) Respondent's touch pulse telephones are not capable of generating tones to complete a call; and

(b) Respondent's touch pulse telephones will not permit the purchaser to use all available phone-accessed services requiring tone-generating telephones, such as alternative long distance service carriers and computerized bill paying and account transaction services.

Therefore, respondent's representations as set forth in Paragraph Five were and are false and misleading.

PAR. 7. The acts and practices of respondent as alleged in this complaint constitute unfair or deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act.

Chairman Oliver and Commissioner Azcuenaga were recorded as voting in the negative.

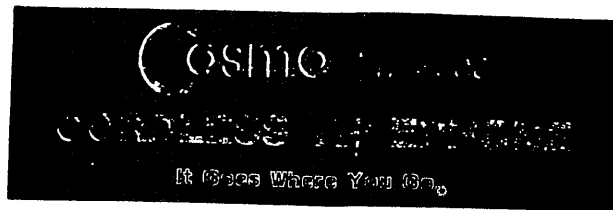
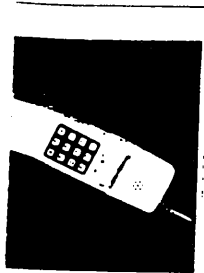
255

Complaint

EXHIBIT A

TR-3000

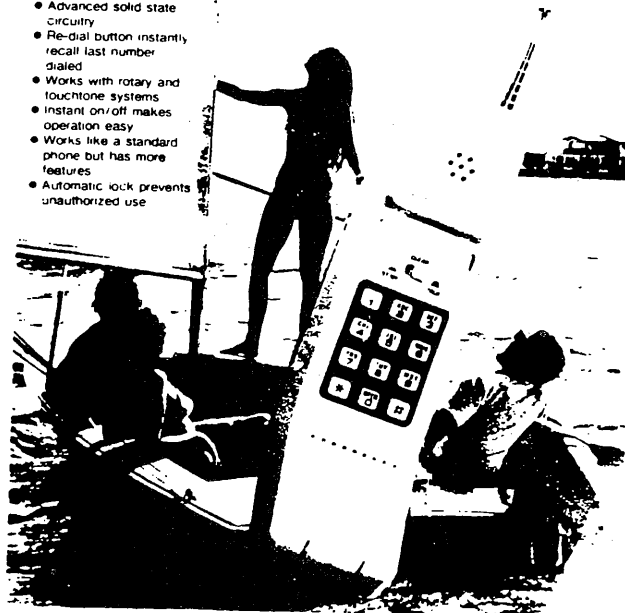
Cosmo



- Contemporary styling looks good at home or office
- No additional monthly charges
- Eliminates inconvenience of a cord
- Make and receive calls indoors or out
- 700 Foot range
- Advanced solid state circuitry
- Re-dial button instantly recall last number dialed
- Works with rotary and touchtone systems
- Instant on/off makes operation easy
- Works like a standard phone but has more features
- Automatic lock prevents unauthorized use



COSMO
CORDLESS TELEPHONE



Complaint

108 F.T.C.

EXHIBIT B

Cosmo
Cordless Phone
1000 FT Range
Convertible for Wall or Desk

Cosmo
Cordless Phone
1000 FT Range
10 Channel 46/49

- Eliminates Inconvenience of a Cord
- Make and Receive Calls Indoors and Outdoors
- 1000 Ft. Range
- Advanced Solid State Circuitry
- Last Number Redial
- Works with Rotary and Touch Tone Systems
- Instant On/Off Operation
- Automatic Lock Prevents Unauthorized Use
- Call Feature from the Base Unit to the Remote
- Nicad Batteries are Rechargeable at the Base Unit
- Push Button Dialing
- Belt Clip Included
- Modular Jack Plugs
- Two Tone Security Guard

2 YEAR LIMITED WARRANTY

10 CH 46/49



EXHIBIT B

Cosmo

**Cordless Phone
1000 FT Range**

COSMO COMMUNICATIONS CORPORATION produces a complete line of single and multi-function telephone products to make any task simple. All of our telephone products are manufactured with the highest quality materials and warranted to perform to your satisfaction. Ask your COSMO dealer for our other fine products designed today for all your future needs.

ALL COSMO pulse/tone switchable circuitry telephones offer push button rotary lines and tone dialing systems and are compatible with MCI, ITT, AT&T, Sprint and Network systems.

ATTENTION: This phone is NOT hearing aid compatible. See user instructions.

FCC APPROVED
2 Year Limited Warranty
UL APPROVED

© 1984 Cosmo Communications Corp.
Miami, FL 33159 Made in Korea

Cosmo

**Cordless Phone
1000 FT Range**



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 Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge the 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 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 the 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, 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 Cosmo Communications Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Florida, with its office and principal place of business located at 16501 N.W. 16th Court in the City of Miami, State of Florida.

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

ORDER

I.

It is ordered, That respondent Cosmo Communications Corporation, a corporation; its successors and assigns; and its officers, representatives, agents and employees, directly or through any corporation, subsidiary, division or other device, in connection with the advertis-

ing, offering for sale, sale or distribution of any consumer premises telephone or other telephone communication device in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

A. Representing in any manner, directly or by implication, that any such device is capable of generating the tones necessary to complete a call, unless such is the case.

B. Misrepresenting in any manner, directly or by implication, the compatability of any such device with any tone-accessed telephone service, including, but not limited to, alternative long distance service carriers and phone-accessed computer services.

C. Failing to disclose, clearly and prominently, on the package label for each such device in the custody or control of respondent (including existing inventory) that operates by pushbuttons but does not generate tones:

"Pulse Telephone: Operates by pulse dialing like a rotary telephone. Will not produce tones.";

provided, however, that after seven (7) years from the date of service of this order the above disclosure may be replaced by the disclosure, "Pulse Telephone"; and *provided further, however*, that this order shall not be construed to relieve respondent, its successors and assigns from having to comply with any provision of any federal, state, or local law, rule, regulation, or order requiring a disclosure different from that specified by this order, and, in the event any such law, rule, regulation, or order requires an equally or more comprehensive disclosure concerning the pulse operating system and the inability of the device to produce tones, that disclosure may be used in place of the disclosure specified by this order.

II.

It is further ordered, That respondent shall notify the Commission at least thirty (30) days prior to any proposed change in the corporation such as a 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 under this order.

III.

It is further ordered, That respondent shall, within sixty (60) days after service of this order upon it and at such other times as the

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

Chairman Oliver and Commissioner Azcuenaga were recorded as voting in the negative.

IN THE MATTER OF

ORKIN EXTERMINATING COMPANY, INC.

FINAL ORDER, OPINION, ETC., IN REGARD TO ALLEGED VIOLATION OF
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT

Docket 9176. Complaint, May 8, 1984—Final Order, Dec. 15, 1986

This Final Order requires an Atlanta, Georgia-based exterminating company to roll back the "lifetime" annual renewal fees on contracts signed prior to 1975 to the fixed fee established prior to a 1980 raise in price. Respondent is also required to notify each affected customer.

Appearances

For the Commission: *Katharine B. Alphin* and *Chris M. Couillou*.

For the respondents: *John C. Staton*, *Michael E. Ross* and *Sylvia M. King*, *King & Spaulding*, Atlanta, Ga.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, as amended, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that respondent Orkin Exterminating Company, Inc., a corporation, has violated the provisions of Section 5(a) of the Federal Trade Commission 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 Orkin Exterminating Company, Inc., is a Delaware corporation with its principal place of business located at 2170 Piedmont Road, N.E., Atlanta, Georgia.

PAR. 2. Respondent maintains, and at all times mentioned in this complaint has maintained, a substantial course of business, including the acts and practices as hereinafter set forth, in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 3. Among other services, respondent provides to individuals and businesses ("consumers") services to treat houses, buildings, and other structures ("structures") in order to destroy and protect against termites and other wood-infesting organisms ("termite-control services").

PAR. 4. In numerous instances, in the course of advertising, promot-