

IN THE MATTER OF
LESTER B. PATTERSON ET AL. DOING BUSINESS AS
LESLIE PATTON

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

Docket 6876. Complaint, Aug. 23, 1957—Decision, Dec. 10, 1957

Consent order requiring sellers in Chicago to cease advertising falsely in magazines and otherwise that persons completing their correspondence course could make \$50 a day or \$15,000 to \$20,000 a year buying and selling scrap gold; that it was "to be found wherever you go," "waiting for you to pick it up"; and that the U.S. Government paid \$35 an ounce for the gold contained in "old junk jewelry."

Mr. Kent P. Kratz supporting the complaint.

Mr. John A. Nash, of Chicago, Ill., for respondents.

INITIAL DECISION OF JOHN LEWIS, HEARING EXAMINER

The Federal Trade Commission issued its complaint against the above-named respondents on August 23, 1957, charging them with the use of unfair and deceptive acts and practices in commerce, in violation of the Federal Trade Commission Act, by falsely representing the advantages to be derived from taking respondents' correspondence course on the subject of buying and selling scrap gold, including the earnings which may be expected by persons taking such course, and the availability and price of such scrap. After being served with said complaint, respondents appeared by counsel and entered into an agreement dated October 16, 1957, containing a consent order to cease and desist purporting to dispose of all this proceeding as to all parties. Said agreement, which has been signed by all respondents, by counsel for said respondents, and by counsel supporting the complaint, and approved by the director and assistant director of the Commission's Bureau of Litigation, has been submitted to the above-named hearing examiner for his consideration, in accordance with section 3.25 of the Commission's rules of practice for adjudicative proceedings.

Respondents, pursuant to the aforesaid agreement, have admitted all the jurisdictional facts alleged in the complaint and agreed that the record may be taken as if findings of jurisdictional facts had been duly made in accordance with such allegations. Said agreement further provides that respondents waive any further procedural steps before the hearing examiner and the Commission, the making of find-

ings of fact or conclusions of law and all of the rights they may have to challenge or contest the validity of the order to cease and desist entered in accordance with such agreement. It has been agreed that the order to cease and desist issued in accordance with said agreement shall have the same force and effect as if entered after a full hearing and that the complaint may be used in construing the terms of said order. It has also been agreed that the record herein shall consist solely of the complaint and said agreement, and that said agreement is for settlement purposes only and does not constitute an admission by respondents that they have violated the law as alleged in the complaint.

This proceeding having now come on for final consideration on the complaint and the aforesaid agreement containing consent order, and it appearing that the order provided for in said agreement covers all the allegations of the complaint and provides for an appropriate disposition of this proceeding as to all parties, said agreement is hereby accepted and is ordered filed upon this decision's becoming the decision of the Commission pursuant to sections 3.21 and 3.25 of the Commission's rules of practice for adjudicative proceedings, and the hearing examiner, accordingly, makes the following jurisdictional findings and order:

1. Respondents Lester B. Patterson and Edith F. Patterson are copartners trading under the name of Leslie Patton with their office and principal place of business located at 335 W. Madison Street, Chicago, Ill.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents hereinabove named. The complaint states a cause of action against said respondents under the Federal Trade Commission Act, and this proceeding is in the interest of the public.

ORDER

It is ordered, That respondents Lester B. Patterson and Edith F. Patterson, individually or as copartners, trading as Leslie Patton, or trading under any other name, their agents, representatives, and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution in commerce, as "commerce" is defined in the Federal Trade Commission Act, of a course of instruction in buying and selling scrap gold, do forthwith cease and desist from representing, directly or by implication, that:

1. Persons completing said course of instruction and engaging in the buying and selling of scrap gold can make \$50 a day or \$12,000

to \$20,000 a year or any other amount in excess of the amount that is customarily and usually earned by such persons.

2. The United States Government pays \$35 per ounce, or any other amount for scrap gold that is in excess of the net amount actually paid after all deductions.

3. Scrap gold is readily available or that it can be obtained readily or with little effort.

DECISION OF THE COMMISSION AND ORDER TO FILE REPORT OF
COMPLIANCE

Pursuant to section 3.21 of the Commission's rules of practice, the initial decision of the hearing examiner shall, on the 10th day of December 1957, become the decision of the Commission; and, accordingly:

It is 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 the order to cease and desist.

Decision

IN THE MATTER OF
TEITELBAUM FURS ET AL.

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

Docket 6850. Complaint, July 25, 1957—Decision, Dec. 13, 1957

Consent order requiring a furrier in Beverly Hills, Calif., to cease violating the Fur Products Labeling Act by attaching fictitious price tags to fur products, by advertising in newspapers which failed to disclose that certain products contained artificially colored fur and represented prices falsely as reduced from regular prices which were actually fictitious, and by failing in other respects to comply with the advertising, invoicing, and labeling requirements.

Mr. John J. McNally for the Commission:

Leland & Plattner, by *Mr. Haase Kalik*, of Los Angeles, Calif., for respondents.

INITIAL DECISION BY J. EARL COX, HEARING EXAMINER

The complaint charges respondents with violation of the Federal Trade Commission Act and of the Fur Products Labeling Act and the rules and regulations promulgated thereunder, by misbranding and by falsely and deceptively advertising and invoicing their fur products.

After the issuance of the complaint, respondents, their counsel, and counsel supporting the complaint entered into an agreement containing consent order to cease and desist, which was approved by the director and the assistant director of the Commission's Bureau of Litigation, and thereafter transmitted to the hearing examiner for consideration.

The agreement identifies respondent Teitelbaum Furs as a California corporation, with its office and principal place of business located at 414 North Rodeo Drive, Beverly Hills, Calif., and individual respondents Albert Teitelbaum and Francis K. Somper as president and treasurer, and as vice president, respectively, of the corporate respondent, stating that these individual respondents formulate, direct and control the acts, practices, and policies of the corporate respondent and have the same office and principal place of business as the corporate respondent.

The agreement provides, among other things, that respondents admit all the jurisdictional facts alleged in the complaint and agree that the record may be taken as if findings of jurisdictional facts had

been duly made in accordance with such allegations; that the record on which the initial decision and the decision of the Commission shall be based shall consist solely of the complaint and this agreement; that the agreement shall not become a part of the official record unless and until it becomes a part of the decision of the Commission; that the complaint may be used in construing the terms of the order agreed upon, which may be altered, modified or set aside in the manner provided for other orders; that the agreement is for settlement purposes only and does not constitute an admission by respondents that they have violated the law as alleged in the complaint; and that the order set forth in the agreement and hereinafter included in this decision shall have the same force and effect as if entered after a full hearing.

Respondents waive any further procedural steps before the hearing examiner and the Commission; the making of findings of fact or conclusions of law; and all of the rights they may have to challenge or contest the validity of the order to cease and desist entered in accordance with the agreement.

The order agreed upon fully disposes of all the issues raised in the complaint, and adequately prohibits the acts and practices charged therein as being in violation of the Federal Trade Commission Act, the Fur Products Labeling Act and the rules and regulations promulgated thereunder. Accordingly, the hearing examiner finds this proceeding to be in the public interest and accepts the agreement containing consent order to cease and desist as part of the record upon which this decision is based. Therefore,

It is ordered, That Teitelbaum Furs, a corporation, and its officers, and Albert Teitelbaum and Francis K. Somper, individually and as officers of said corporation, and their representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction into commerce, or the sale, advertising, or offering for sale, in commerce, or the transportation or distribution in commerce, of fur products, or in connection with the sale, advertising, offering for sale, transportation, or distribution of fur products which have been made in whole or in part of fur which has been shipped and received in commerce, as "commerce," "fur" and "fur products" are defined in the Fur Products Labeling Act, do forthwith cease and desist from:

A. Misbranding fur products by:

1. Setting forth on labels attached thereto fictitious prices or any misrepresentation as to the value of such fur products, either directly or by implication;

2. Failing to affix labels to fur products showing:

(a) The name or names of the animal or animals producing the fur or furs contained in the fur product as set forth in the Fur Products Name Guide and as prescribed under the rules and regulations;

(b) That the fur product contains or is composed of used fur, when such is the fact;

(c) That the fur product contains or is composed of bleached, dyed or otherwise artificially colored fur, when such is the fact;

(d) That the fur product is composed in whole or in substantial part of paws, tails, bellies, or waste fur, when such is the fact;

(e) The name, or other identification issued and registered by the Commission, of one or more persons who manufactured such fur product for introduction into commerce, introduced it into commerce, sold it in commerce, advertised or offered it for sale, or transported or distributed it in commerce;

(f) The name of the country of origin of any imported furs used in the fur product;

3. Setting forth on labels attached to fur products:

(a) Information required under §4(2) of the Fur Products Labeling Act and the rules and regulations thereunder in abbreviated form or in handwriting;

(b) Information required under §4(2) of the Fur Products Labeling Act and the rules and regulations thereunder mingled with nonrequired information;

B. Falsely or deceptively invoicing fur products by:

1. Failure to furnish invoices to purchasers of fur products showing:

(a) The name or names of the animal or animals producing the fur or furs contained in the fur product as set forth in the Fur Products Name Guide and as prescribed under the rules and regulations;

(b) That the fur product contains or is composed of used fur, when such is the fact;

(c) That the fur product contains or is composed of bleached, dyed or otherwise artificially colored fur, when such is the fact;

(d) That the fur product is composed in whole or in substantial part of paws, tails, bellies, or waste fur, when such is the fact;

(e) The name and address of the person issuing such invoice;

(f) The name of the country of origin of any imported fur contained in a fur product;

2. Setting forth information required under §5(b)(1) of the Fur Products Labeling Act and the rules and regulations thereunder in abbreviated form;

C. Falsely or deceptively advertising fur products through the use of any advertisement, representation, public announcement or notice which is intended to aid, promote or assist, directly or indirectly, in the sale or offering for sale of fur products, and which:

1. Fails to disclose that the fur product contains or is composed of bleached, dyed or otherwise artificially colored fur, when such is the fact;

2. Represents, directly or by implication, that the regular or usual price of any fur product is any amount which is in excess of the price at which the respondents have usually and customarily sold such products in the recent regular course of their business;

3. Makes use of comparative prices or percentage savings claims unless such compared prices or percentage savings are based upon current market values or unless a bona fide price at a designated time is stated;

4. Makes pricing claims or representations of the types referred to in paragraphs 2 and 3 above, unless there are maintained by respondents full and adequate records disclosing the facts upon which such claims or representations are based, as required by rule 44(e) of the rules and regulations.

DECISION OF THE COMMISSION AND ORDER TO FILE REPORT OF
COMPLIANCE

Pursuant to section 3.21 of the Commission's rules of practice, the initial decision of the hearing examiner shall, on the 13th day of December 1957, become the decision of the Commission; and, accordingly:

It is ordered, That respondents Teitelbaum Furs, a corporation, and Albert Teitelbaum and Francis K. Somper, individually and as officers of said corporation, 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 the order to cease and desist.

Decision

IN THE MATTER OF
GLENN W. BRAUN AND CLYDE WITT TRADING AS
RENNEL PRODUCTS

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

Docket 6691. Complaint, Dec. 13, 1956—Decision, Dec. 18, 1957

Order requiring sellers in Toledo, Ohio, to cease representing falsely in advertisements in newspapers—prepared mainly from solicited testimonial letters, writers of which were given free bottles of the product—that their preparation “Rennel Concentrate,” essentially a laxative, constituted an effective treatment for obesity and would greatly reduce weight.

Mr. John W. Brookfield, Jr., supporting the complaint.

Boggs, Boggs & Boggs by *Mr. Ralph S. Boggs* of Toledo, Ohio, for respondents.

INITIAL DECISION BY JOSEPH CALLAWAY, HEARING EXAMINER

Formal complaint, issued December 13, 1956, charged respondents with disseminating and causing the dissemination through the United States mails and in commerce of false advertisements for a drug preparation called Rennel Concentrate. The allegations of the complaint in effect charge violation of section 12(a)(1) of the Federal Trade Commission Act which is, by section 12(b), made an unfair or deceptive act or practice within the meaning of section 5. After service of the complaint, answer was filed by the respondents.

Hearings were held pursuant to notice and agreement of counsel in Toledo, Ohio, and Ann Arbor, Mich. Respondents were represented by counsel who participated in the hearings and who were afforded full opportunity to be heard, to introduce evidence pertinent to the issues and examine and cross-examine witnesses. Proposed findings as to the facts, conclusions, and orders were submitted by both sides.

The facts found, the conclusions reached and the order entered herein are based upon the entire record and hearing the testimony. All findings as to the facts, conclusions and orders proposed by all parties hereto not adopted and concluded in this initial decision are specifically rejected.

Findings

54 F.T.C.

FINDINGS AS TO THE FACTS AND CONCLUSIONS

Respondents Glenn W. Braun and Clyde Witt are copartners trading in the name of Rennel Products and are located in that business at 417 Main Street, Toledo, Ohio.

Respondents are now, and have been for more than 1 year prior to the issuance of the complaint, engaged in the business of selling and distributing a preparation called "Rennel Concentrate" which is sold and distributed in labeled 4-ounce bottles.

The qualitative formula and the directions for use of said Rennel Concentrate are as follows:

Fl. Sassafras Bark.....	¼%
Fl. Oregon Graperoot.....	¼%
Fl. Senna Leaves.....	¼%
Fl. Prickly Ash Bark.....	¼%
FE. Cascara Sagrada.....	7%
Magnesium Sulphate.....	18%
Saccharine.....	⅓%
Sodium Benzoate.....	⅓%
Alcohol.....	1%
Water.....	72%

Follow these simple directions for making 1 pint of liquid medicine. Empty contents of this bottle into a clean pint bottle. Add enough unsweetened grapefruit juice to fill bottle. Or use the juice of two lemons instead and add water to fill pint bottle. Shake well and use as directed under "Directions for taking."

IMPORTANT—Do not take until diluted as per mixing directions above. Cut down on starchy foods, such as potatoes, white bread, fatty foods, sweets, etc. Eat more fruit, leafy vegetables and fruit juices. Caution, use only as directed.

Average Directions for Taking after mixing as per Directions on Left Side Panel—Adults: Take two tablespoonsful before breakfast and two tablespoonsful at bedtime. As this preparation contains laxative as well as other ingredients, increase or decrease dosage according to bowel action. Some people need only one tablespoonful twice a day. NO medicine containing a laxative should be taken when severe abdominal pain, nausea, vomiting or other symptoms of appendicitis are present.

The gross volume of business done by respondents in said preparation averaged \$70,000 per year for each of the years 1954 and 1955. There is no proof that any sales of Rennel Concentrate were made without the State of Ohio.

During the period of time respondents have been in this business they have caused advertisements for said preparation to be placed from time to time in from 81 to 85 daily newspapers published in the State of Ohio, including the Toledo Blade. Copies of advertisements placed in the Toledo Blade on October 6, 1954; January 10, 1955; February 7, 1955; March 7, 1955; April 22, 1955; May 4, 1955; July

