

Richard Nixon Presidential Library
White House Special Files Collection
Folder List

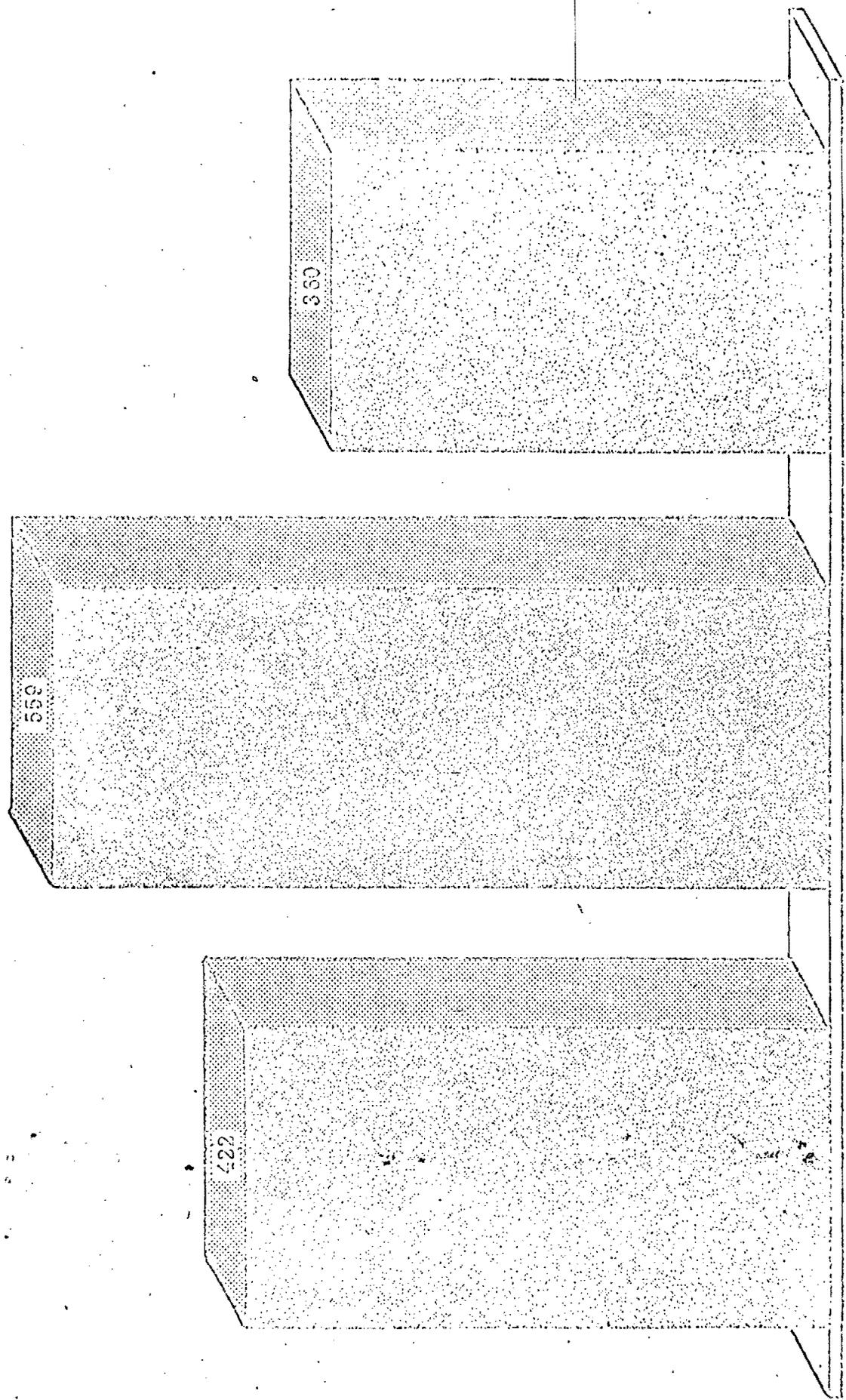
<u>Box Number</u>	<u>Folder Number</u>	<u>Document Date</u>	<u>Document Type</u>	<u>Document Description</u>
18	10	N.D.	Other Document	The Consumer and the Federal Trade Commission critique of the consumer protection record of the FTC by Cox, Fellmeth and Schulz pages 142-185. 44 pgs.
18	10	11/23/1968	Letter	Letter from Ehrlichman to William H. Donaldson RE: Donaldson's memo to Lasker suggesting that the administration include Black leaders. 1 pg.
18	10	11/20/1968	Memo	Memo from Ehrlichman to Garment RE: Bob Brown. 1 pg.
18	10	11/20/1968	Memo	Memo from Ehrlichman to Ray Price and Pat Buchanen RE: RN designating Price and Buchanen as authorized campaign historians. 1 pg.
18	10	11/20/1968	Memo	Memo from Ehrlichman to Marge Acker RE: Contact information and curriculum vitae for Frank Jargeson. 1 pg.
18	10	11/20/1968	Memo	Memo from Ehrlichman to Fleming RE: 1. Agnew should Republican governors of Ed Morgan's availability. 2. Romer McPhee offer to assist with security clearance. 3. Availability of Webster and Jurich. 1 pg.

<u>Box Number</u>	<u>Folder Number</u>	<u>Document Date</u>	<u>Document Type</u>	<u>Document Description</u>
18	10	11/20/1968	Memo	Memo from Ehrlichman to Rosemary Woods RE: Allotment of inauguration ceremony tickets. 1 pg.
18	10	11/20/1968	Memo	Memo from Ehrlichman to Stewart RE: Dinner party for partners of RN's former law firm. 1 pg.
18	10	11/20/1968	Letter	Letter from Ehrlichman to Mr. and Mrs. Davies RE: The Davies' gift of wine to the Nixon family and staff. 1 pg.
18	10	11/20/1968	Memo	Memo from Ehrlichman to D.C. RE: Art Fletcher interview. 1 pg.
18	10	11/20/1968	Letter	Letter from Ehrlichman to Robert Ellsworth RE: Ellsworth working with Agnew on preparations for the Republican Governors Conference in Palm Springs. 1 pg.
18	10	N.D.	Other Document	Draft of a telegram message by Bryce N. Harlow RE: Recommendations of men and women for service with the new administration. 1 pg.
18	10	11/21/1968	Memo	Memo from Ehrlichman to John Mitchell RE: Ross Perot considering offering a position to John Gardner. 1 pg.

<u>Box Number</u>	<u>Folder Number</u>	<u>Document Date</u>	<u>Document Type</u>	<u>Document Description</u>
18	10	11/21/1968	Memo	Memo from Ehrlichman to Flanagan RE: Ralph Cake being approached for chairmanship of the Federal Home Loan Bank Board by Howard Edgerton. 1 pg.
18	10	11/21/1968	Memo	Memo from Ehrlichman to Flanagan RE: Telephone call from Bob Hampton advising on U.S. attorneys' terms, Peace Corps officer terminations and John Macy giving print-out to Frank Lincoln. 1 pg.
18	10	11/21/1968	Letter	Letter from Ehrlichman to Robert McCune RE: request for progress report on the Rose Bowl parade manager. 1 pg.
18	10	11/22/1968	Memo	Memo from Ehrlichman to Flanagan RE: Information about Max Bond. 1 pg.
18	10	N.D.	Memo	Memo from Ehrlichman to Unger RE: Joe Woods suggestion of Floyd M. Buford. 1 pg.
18	10	11/23/1968	Memo	Memo from Ehrlichman to Sherman Unger RE: Robert Price suggesting Paul Kern for U.S. Attorney for Southern District of New York. 1 pg.
18	10	11/23/1968	Memo	Memo from Ehrlichman to John Mitchell RE: Ralph Cake suggesting Bob Timm as new Under-Secretary of the Interior. 1 pg.

<u>Box Number</u>	<u>Folder Number</u>	<u>Document Date</u>	<u>Document Type</u>	<u>Document Description</u>
18	10	11/20/1968	Memo	Memo from Charles S. Murphy to Franklin B. Lincoln, Jr. RE: a particular problem with respect to the professional staff of the Council of Economic Advisers. 1 pg.
18	10	11/23/1968	Memo	Memo from Franklin B. Lincoln, Jr. to John Mitchell RE: Procedure for effecting an orderly presidential transition. 2 pgs.
18	10	11/17/1968	Memo	Memo from Ehrlichman to Ed McDaniel RE: PA failure procedure. 1 pg.
18	10	09/17/1968	Memo	Memo to All Staff RE: Philadelphia motocade staff list, September 21st. 1 pg.
18	10	09/17/1968	Memo	Memo from Ehrlichman to John Davies RE: Jack Altman interviewing PN on the flight from Springfield to Peoria. 1 pg.
18	10	09/17/1968	Memo	Memo from Ehrlichman to Martin Anderson RE: October 10 tour to Columbia, Maryland. 1 pg.
18	10	N.D.	Memo	Memo from Ehrlichman to All Staff RE: the operating page-boy system, a medical doctor travelling with tour, potential changes in the scheduled baggage times, and hotel room contact person for New York. 1 pg.

ASSURANCES OF VOLUNTARY COMPLIANCE ACCEPTED IN 7-DIGIT CASES

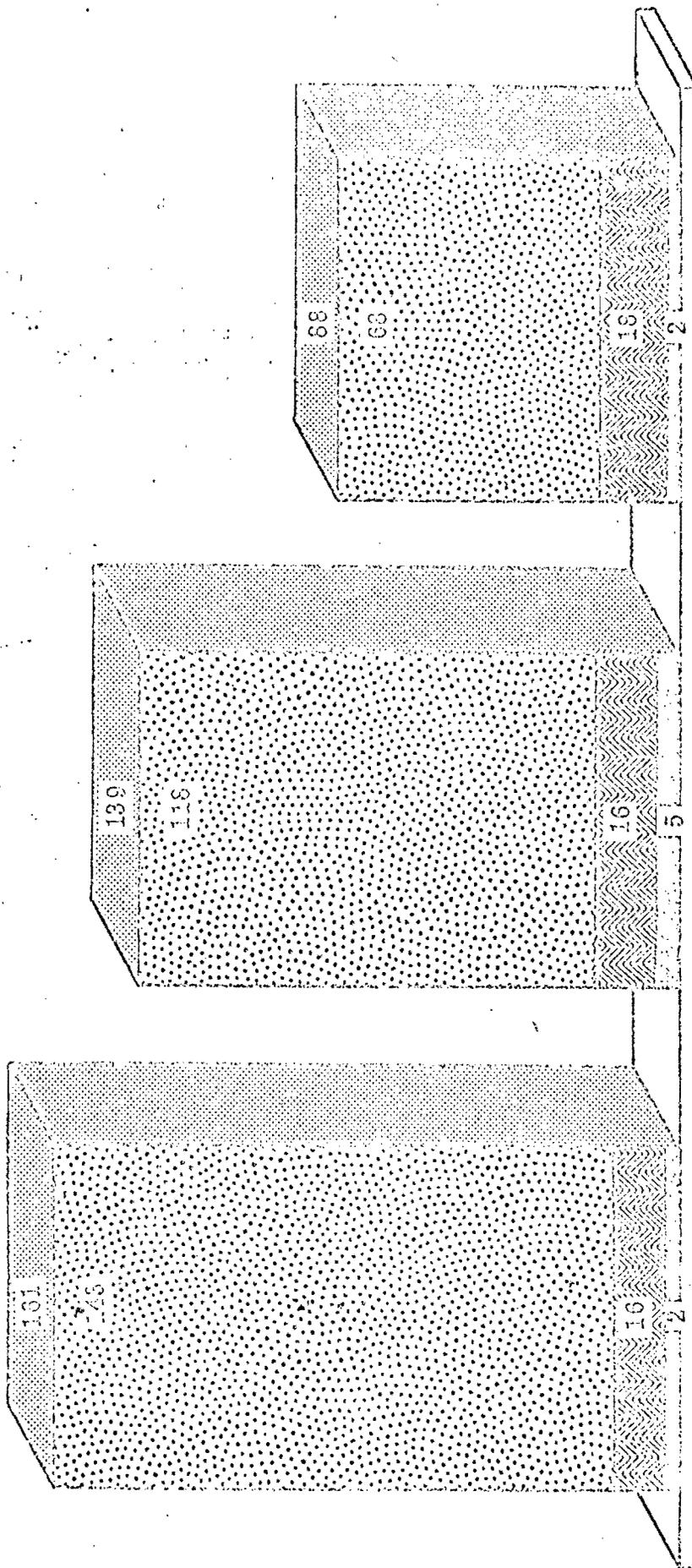


FY 1968
3rd Quarter

FY 1967

FY 1966

CASES/ DISPOSED OF BY ORDERS TO CEASE AND DESIST - CONTEST AND CONSENT



FY 1966
Three Quarters

FY 1967
Three Quarters

FY 1968
Three Quarters

Type:



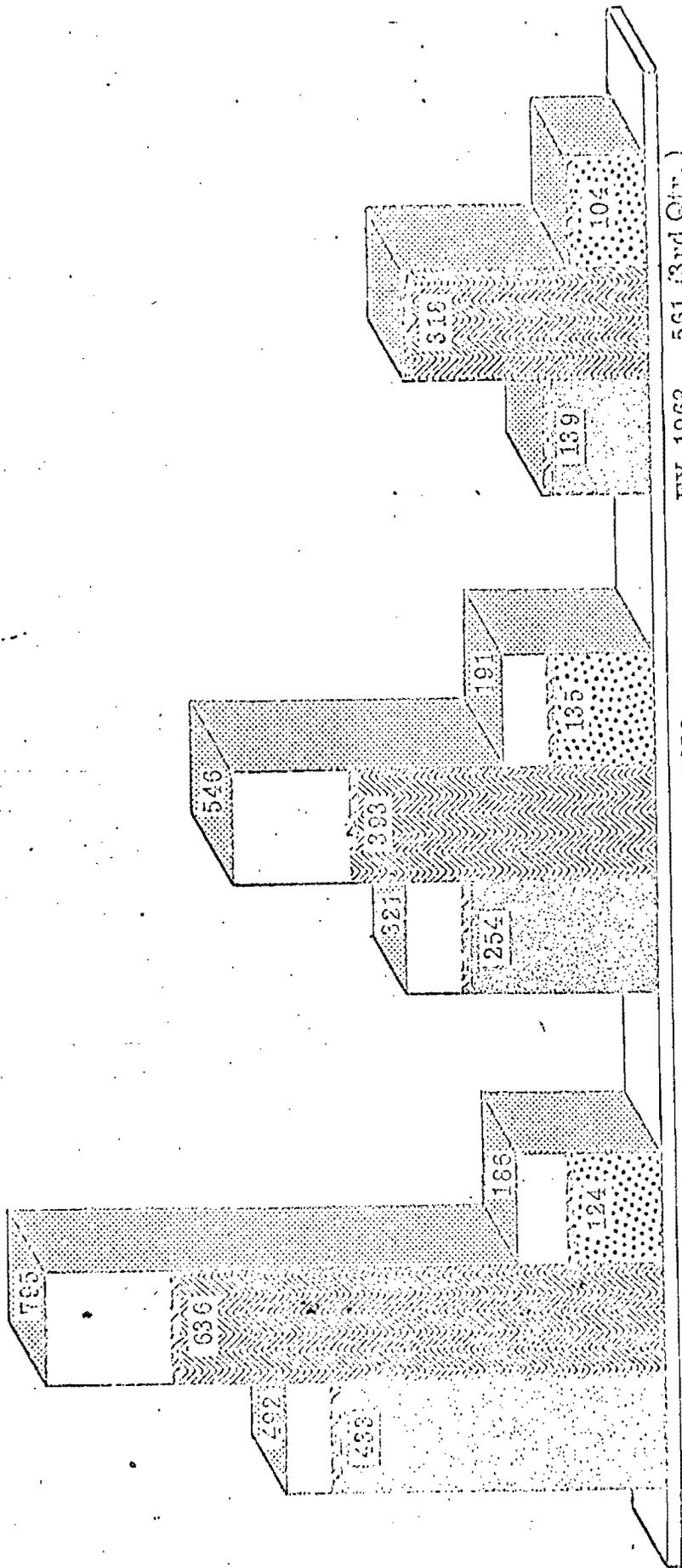
Consent (C & D Series)

Contest

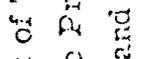
Admissive Answers and Defaults

1/Partial orders excluded accordingly. Also excludes dismissals, declaratory and withdrawals, etc.

COMPLETED INVESTIGATIONS/
(7-digit)



Bureau of:

-  Restraint of Trade
-  Deceptive Practices
-  Textiles and Furs
-  End of 3rd Quarter

1/ Also includes investigations completed by Commission approval for complaint but pending consent order negotiation.

2/ Excludes 126 seven-digit files completed by BIG.

FEDERAL TRADE COMMISSION
 WORKLOAD AND PRODUCTION
 BUREAU OF DECEPTIVE PRACTICES

First Three Qtrs. FY 1968

INVESTIGATIONS

DIVISION	INPUT						OUTPUT					On Hand March 31, 1968
	On Hand Beg. FY	Initiated During 3 Qtrs. FY 1968	1/ Other		Total Work- load	(+ or -) from 3 Qtrs. Last FY	Invests. Apprd. for Complaint Action	Closed		Total Investi- gations	(+ or -) from 3 Qtrs. Last FY	
			+	-				Vol. Compli- ance	Other			
Food and Drug Advc.	258	64	+ 3	-31	294	-78	8	23 ^{a/}	47	78	-16	216
General Practices	895	207	+34	-47	1089	-94	21	65 ^{a/}	124	210	-79	879
Special Projects	57	47	+40	- 5	139	+84	13	4	13	30	+27	109
TOTAL	1210	318	+77	-83	1522	(-95)	42	92	184	318 ^{b/}	-75	1204 ^{c/}

1/ Transfers, reopenings, etc., affecting workload prior to completion.
 a/ Excludes 1 voluntary compliance in case having multiple disposition.
 b/ Excludes 9 auxiliary.
 c/ Excludes 18 auxiliary.

2/ Source for Initiating Investigation:
 221 Applications for Complaint
 7 Advertisement - Monitoring Program
 69 Field Office Reports
 28 with Letters of Complaint
 41 without Letters of Complaint
 21 Other
 318 Total

FEDERAL TRADE COMMISSION

WORKLOAD AND PRODUCTION

BUREAU OF DECEPTIVE PRACTICES

First Three Qtrs. FY 1968

COMPLAINTS ISSUED (Including C-Series Orders)

DIVISION	INPUT				Withdrawn	Vol. Compliance	OUTPUT			Pending Consent Negotiation March 31, 1968	
	Pending Consent Negotiation Beg. FY	Appr'd for Negotiation 3 Qtrs. FY 1968	Total Workload	(+) or (-) from 3 Qtrs. Last FY			Consent Settled (C-Series)	Issued Docketed	Total Output		(+) or (-) from 3 Qtrs. Last FY
Food and Drug Advg.	3	7	10	- 6	1	-	2	2	4	- 9	5
General Practices	13	21	34	-51	1	-	9	7	16	-60	17
Special Projects	3	13	16	+15	-	-	2	5	7	+ 7	9
TOTAL	19	41	60	-42	2	-	13	14	27	-62	31

FEDERAL TRADE COMMISSION

WORKLOAD AND PRODUCTION

BUREAU OF DECEPTIVE PRACTICES

First Three Qtrs. FY 1968

DOCKETED ORDERS ISSUED (See WMR 9 for C-Series Orders)

DIVISION	INPUT					OUTPUT							Complaints Pending Litigation March 31, 1968 i/	
	Docketed Complaints Pending Beg. FY 1/	Complaints Docketed 3 Qtrs. FY 1968	Re-opened	Total Work-load	(+ or -) from 3 Qtrs. Last FY	Orders to Cease and Desist			Dis-missal Orders Closed	Total Docketed Orders Issued	(+ or -) from 3 Qtrs. Last FY			
						Con-sent	Con-test	Other 2/ Total						
Food and Drug Advertising	9	2	-	11	- 9	-	2	-	2	-	-	2	-4	9
General Practices	23	7	-	30	-15	2	8	2	12	2	-	14	-2	16
Special Projects	2	5	-	7	+ 7	-	1	-	1	-	-	1	+1	6
TOTAL	34	14	-	48	(-17)	*2	11	2	*15	2	-	17	-5	31

1/ Includes complaints pending litigation and cases formally reopened by vacating the order.

2/ Includes Admissive Answers, Defaults, etc.

*Excludes 2 partial OCD's.

Appendix 3

WHO ADVERTISEMENTS In the
 first
 quarter
 of 1968

sponsors of the following
 brands spent the most
 money on TV commercials
 in the U.S.A.:

1. Anacin
 tablets\$4,618,500
2. Alka-Seltzer.\$3,993,400
3. Salem menthol
 filters\$3,552,700
4. Winston
 filters\$3,321,600
5. American
 Telephone and
 Telegraph ...\$3,295,200
6. Bayer
 aspirin\$3,110,500
7. Bufferin\$2,929,500
8. Listerine
 antiseptic ...\$2,401,000
9. Miracle white
 cleaner\$2,273,800
10. Koal menthol
 filters\$2,103,000

Appendix A

SIZE ANALYSIS

Litigated cases on docket first
four months of 1968*

	Restraint of Trade	Deceptive Practices	Total
1967 sales over 1 billion:	2	0	2
1967 sales $\frac{1}{2}$ billion to 1 billion :	3	1	4
1967 sales 100 million to $\frac{1}{2}$ billion :	8	3	11
1967 sales $\frac{1}{2}$ million to 100 million :	8	0	8
Unlisted or net worth below 500 thousand :	5	33	38

* Note that since this list includes only those companies able to delay enforcement through expensive litigation, it would consist of the largest companies. Those who submit to voluntary compliance, etc. are almost unanimously small.

Appendix 5

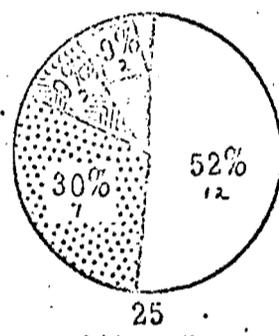
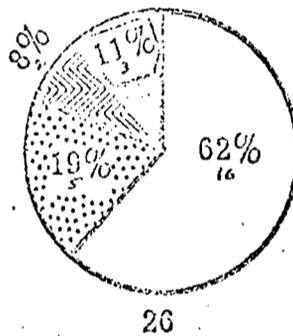
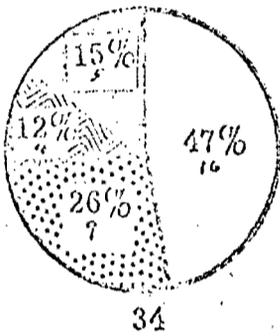
AGE^{1/} OF COMPLAINTS^{2/} PENDING LITIGATION

June 30, 1966
62 Complaints

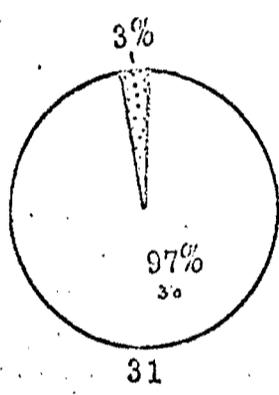
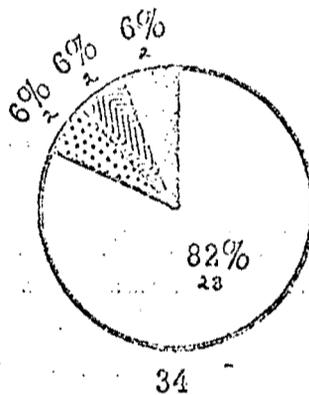
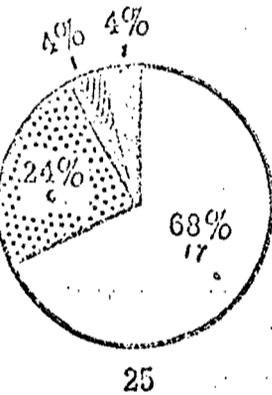
June 30, 1967
63 Complaints

March 31, 1968
55 Complaints

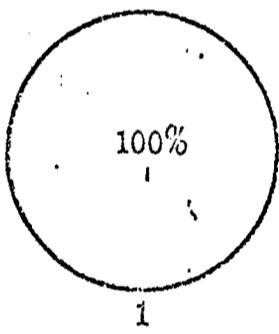
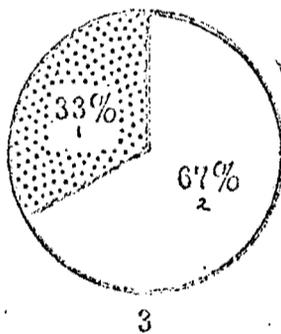
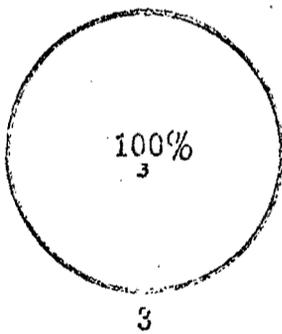
Bureau of
RESTRAINT
OF TRADE



Bureau of
DECEPTIVE
PRACTICES

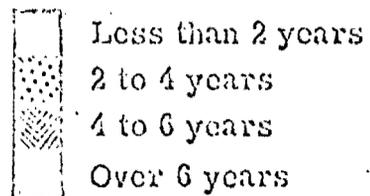


Bureau of
TEXTILES
AND FURS

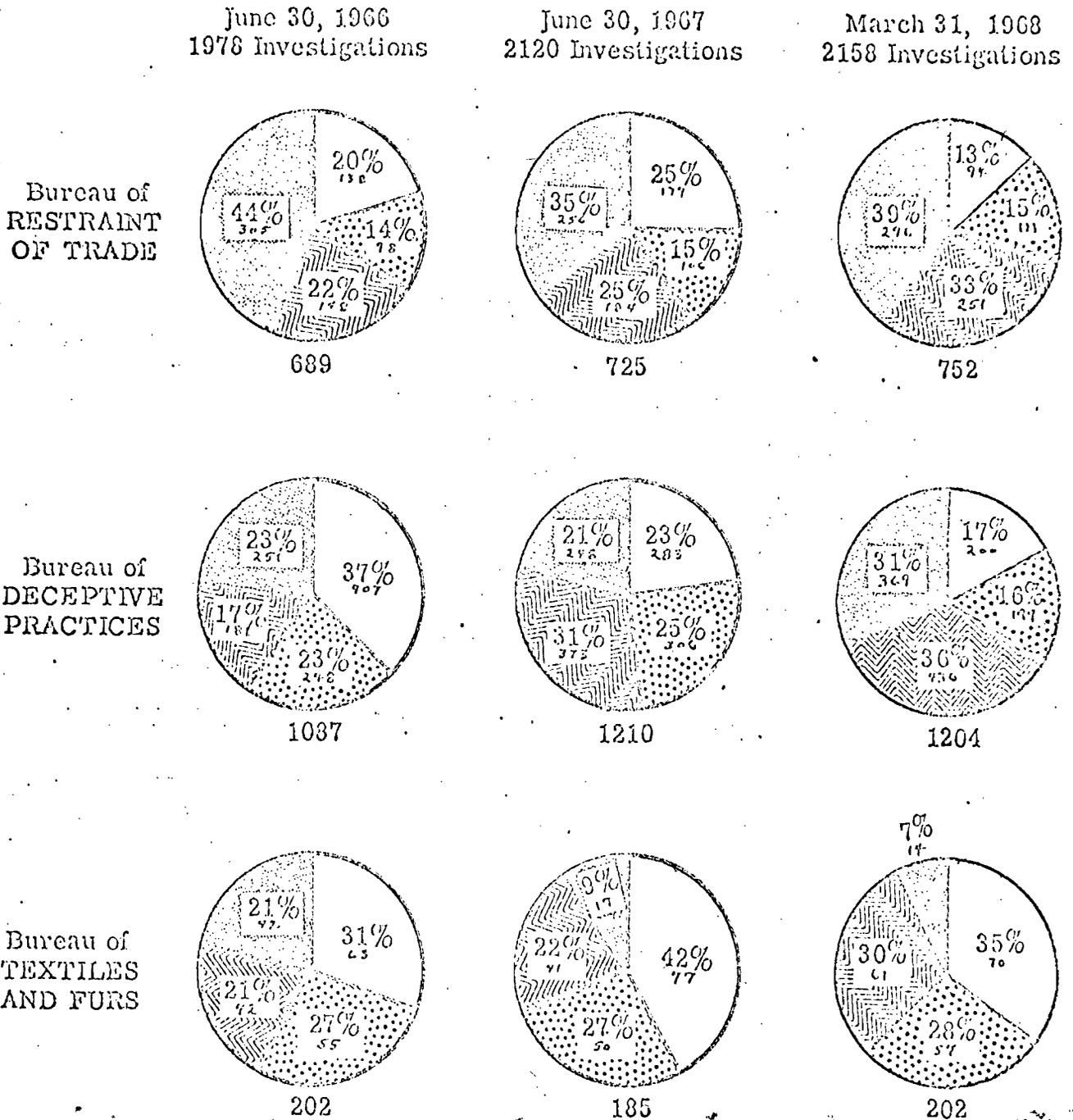


^{1/}Age is from date Complaint issued or reopened.

^{2/}includes Complaints pending litigation and cases formally reopened by vacating the order. (Excludes cases referred for supplemental work.)



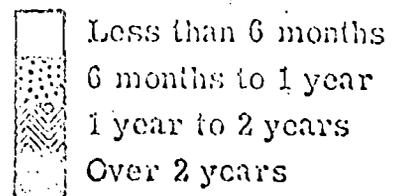
AGE^{1/} OF PENDING 7-DIGIT INVESTIGATIONS



^{1/}Age is from date investigation was scheduled.

Excludes the following 7-digit matters:

- 4 Trade Mark
- 1 Export Trade
- 93 Industry Guides
- 37 Advisory Opinions
- 18 Trade Reg. Rules
- 37 Auxiliary Matters



Appendix 6

RESERVANT OF TRADE TIME ANALYSIS -- TURNOVER
(Turnover analysis for four months of 1968)

Violation	Number Disposed of (Ave. age of) /			Number Acquired		
	Feb. → March	April	May	Feb. → March	April	May
2	0	0	1 (4.5)	0	0	0
3	0	0	0	0	0	0
5	0	1(3)	1 (3.2 before withdrawn)	0	1	0
7	0	1(3.3)	0	0	2	0
8	0	0	0	0	0	0
Total	0	2	2	0	2*	0

*Actually only 2 were acquired as above because one was designated under both violations 5 and 7.

DECEPTIVE PRACTICES TIME ANALYSIS -- FURNIGER
 (Turnover analysis for four months of 1960)

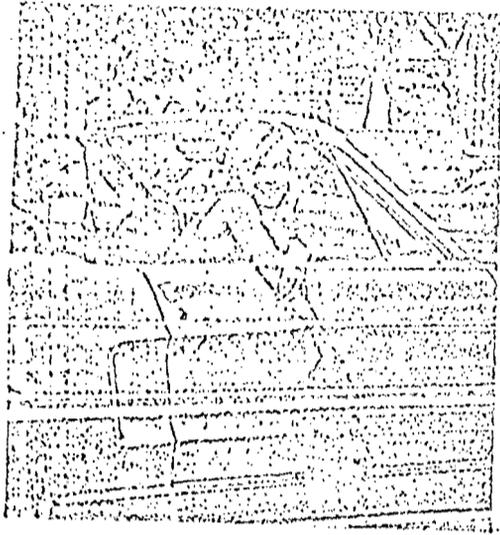
Violation	Number Disposed of (Ave. age of) / Number Acquired							
	Feb. --	March	April	May	Feb. --	March	April	May
1		1(8.5)	3(3.2)	3(2.5)		1	1	1
2		0	0	0		0	0	0
3		0	0	0		0	0	0
4		0	0	0		0	0	0
6		0	0	0		0	0	0
7		0	0	0		0	0	0
8		0	0	0		0	0	0
9		0	0	0		0	0	0
10		0	0	0		0	0	0
Total		1	3	3		1	1	1

Appendix 7

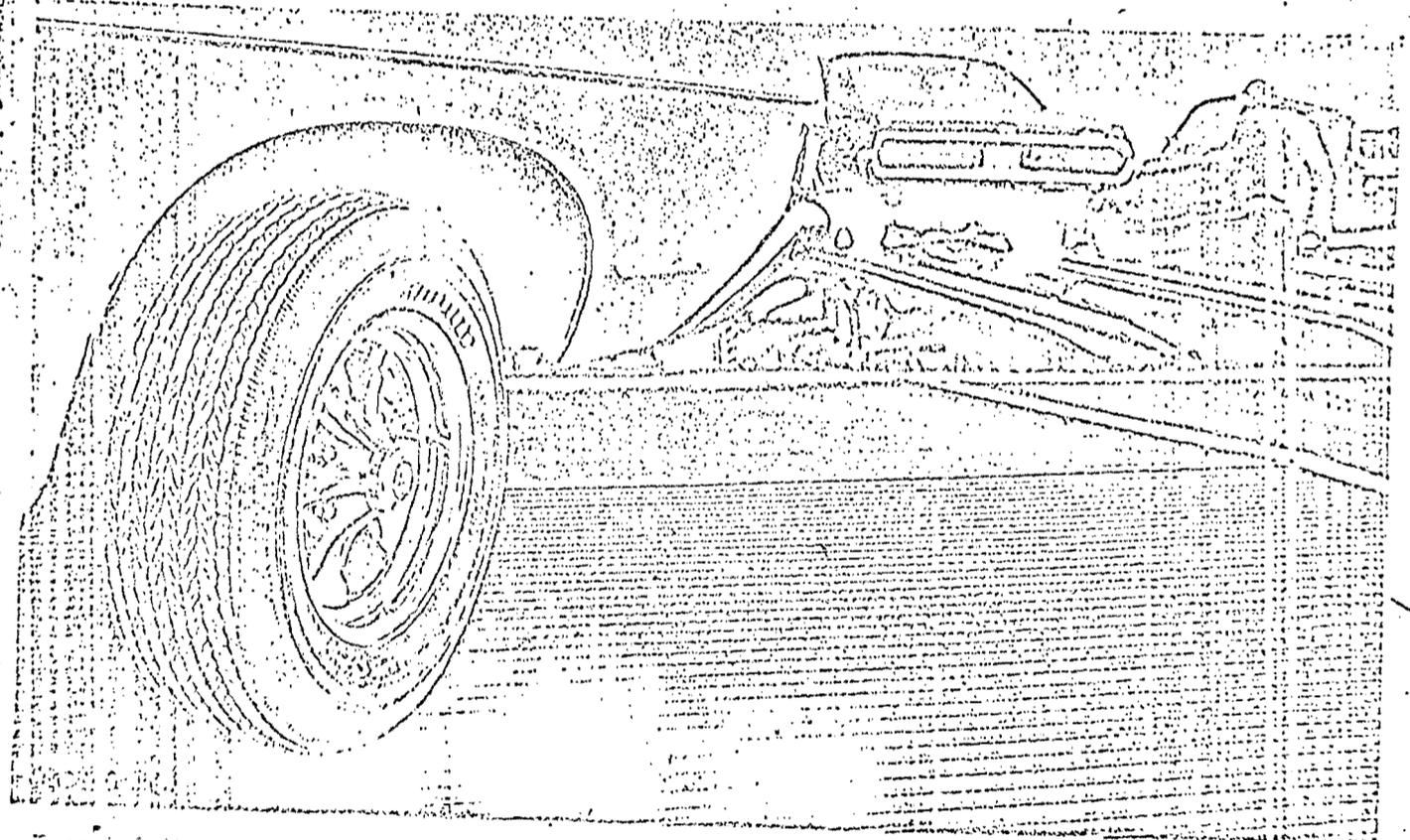
STATISTICS ON SIZE OF BUREAUS

	June, 1968	June, '66	June, '64
<u>Deceptive Practices</u>			
1) Office of Director	8 attys.	2	3
2) Div. of Sp. Projects	19 attys.	0	
3) Div. of Food + Drug Adv.	15 attys.	21	20
4) Div. of Gen'l. Practices	28 attys.	29	Gen'l. Adv./ Gen'l. Prac. 19/17
5) Div. of Compliance	10 attys.	13	10
6) Div. of Scientific Ops.	0 (10 scientific) (4 med. off.)	8 scientific	(8 scien.)
<u>Textiles + Furs</u>			
1) Director	2 attys.	2	2
2) Div. of Enforcement	14 attys.	14	12
3) Div. of Regulation	11 attys. 2 investigators 42 field "	9 1 36	9 2 37
<u>Field Operations</u>			
1) Office of Director	3	3	3
2) Atlanta Office	10	8	9
3) Boston Office	10	10	10
4) Chicago Office	22	22	24
5) Cleveland Office	6	7	9
6) Kansas City Office	7	6	6
7) Los Angeles Office	9	6	3
8) New Orleans Office	15	15	17
9) New York Office	39	39	42
10) San Francisco Office	7	9	9
11) Seattle Office	8	11	11
12) Washington, D.C. Office	20	17	22
<u>Industry Guidance</u>			
1) Office of Director	2	2	2
2) Industry Guides	18	16	17
3) Advisory Opinions	5	6	6
4) Trade Regulation Rules	8	10	6
<u>Chief Bureau of Economics</u>			
1) Office of Director	9 economists		
2) Div. of Economic Evidence	18 economists		
3) Div. of Industry Analysis	22 economists		
4) Financial Statistics	15 (accountants mostly)		

Appendix 8



Detroit agrees: it's a Wide Oval World.



Times have changed since Columbus said the world was round.

It's 1968, and America is fast discovering that the world is oval. Wide Oval. The Wide Oval World of Firestone.

Perhaps you've noticed it, too. On the cars coming out of Detroit. How tires are getting wider, lower.

We started it all when we introduced the original Super Sports Wide Oval

tire. A totally new kind of tire. Nearly two inches wider than conventional tires. It grips better. Corners easier. Runs cooler. Stops 25% quicker. And it gives your car an all-out look of driving excitement.

It's built with nylon cord, too. And that gives it maximum strength and safety at sustained high-speed driving.

Sure, others may look like it, but



Nearly two inches wider than your present tire.

none perform like it. There's really only one original Wide Oval tire. And Firestone builds it.

The Super Sports Wide Oval tire. Anything less is less.



Firestone® The safe tire

Appendix 9

NEWS RELEASE

FEDERAL TRADE COMMISSION

Washington, D.C. 20580

OFFICE OF INFORMATION 393-6800 Ext. 197

For RELEASE: A.M. Thursday, July 6, 1967.

FTC INITIATES TRADE REGULATION RULE PROCEEDING
COVERING ADVERTISING OF ANALGESICS

The Federal Trade Commission today announced it has initiated a proceeding for the establishment of a trade regulation rule to prevent deceptive advertising of non-prescription analgesic drugs.

Targets of the proposed rule are the following unfair and deceptive advertising practices which the Commission has reason to believe are being used by marketers of these over-the-counter analgesics:

Making effectiveness or safety claims which contradict or exceed statements or directions for use on labels.

Making false claims of comparative speed, strength and duration of relief. ("It appears," the FTC said, "that each of the various analgesic products now offered to the consuming public is effective to essentially the same degree as all other competing products supplying an equivalent quantity of an analgesic ingredient or combination of ingredients").

Attributing beneficial effects to specified ingredients without substantiation or without identifying them by their common or usual names.

In initiating this proceeding, the Commission pointed out that one of its prime duties is protecting "the consuming public from false, misleading, deceptive, or unfair advertising of products, particularly those that may endanger human health or safety."

All interested parties, including the consuming public, are invited to file written views on the proposed rule with the Secretary, Federal Trade Commission, Sixth Street at Pennsylvania Ave., N.W., Washington, D.C. 20580, not later than September 15, 1967. To the extent practicable, 20 copies should be filed of written presentations in excess of two pages.

Following is the text of the proposed rule:

"In connection with the sale or offering for sale of non-prescription systemic analgesic drug preparations, subject to jurisdictional requirements of Section 5 and 12 of the Federal Trade Commission Act, it is an unfair method of competition and/or an unfair or deceptive act or practice to disseminate any advertisement which:

-2-

(1) contains any representation with respect to efficacy or safety which contradicts, or in any manner exceeds, the warnings, statements or directions for use appearing on the label or in the labeling of such product; or

(2) represents that any analgesic effects resulting from the use of such product are faster, stronger, or longer lasting than those achieved by the use of a competitive product unless the advertiser has established and can demonstrate that a significant difference in such effects exists due to an increased total quantity of analgesic ingredient(s) in the recommended dosage, and this fact is clearly and conspicuously disclosed in the advertisement; or

(3) represents that any benefit will be derived from the action of any specified ingredient or combination of ingredients unless

(a) the identity of such ingredient or combination of ingredients is clearly and conspicuously disclosed by its common or usual name(s), and,

(b) the advertiser has established and can demonstrate that each such ingredient or combination of ingredients is efficacious as represented for the purpose for which it is offered when the product is taken in accordance with directions for use."

---000---

Analgesics Investigation

The essential questions under study in this investigation are whether there are any significant differences between competitive analgesic pills in the rapidity with which they will provide relief of pain, the degree of such relief they provide and the duration thereof, whether they relieve tension and depression, and whether they cause no gastric upset. The last point is, from a public health standpoint, the most important of all because of strong indications, that aspirin, which is the sole ingredient in some, and the major ingredient in all, of these preparations, may so irritate the lining of the stomach as to cause internal bleeding with possible serious consequences.

The Div. of Scientific Opinions began a study around 1958 and it was decided that opinions could not be relied upon in litigation and so a scientific study would have to be made.

Much difficulty was encountered in obtaining the desired clinical studies. Informally, the D of S O tried to make arrangements at high staff levels with the National Institutes of Health whereby that agency would make the clinical studies in their hospitals. The attempt failed for reasons I do not know. The V.A. also declined saying that the questions would have to be brought to a policy level, whatever that means.

(In 58 Gwynne lost at the Nat. Inst. of H.; in 59 Kintner lost with the VA) Four university studies were undertaken - Johns Hopkins, B.U., Oklahoma U., Dartmouth.

As of the end of fiscal 64, litigation stood as follows:

7 special orders had been filed, and replies received to all. These included BC Headache Powder & Tablets; Saletol; Nebs; Watkins Acotin Tablets; Bromo-Seltzer; Micrainin; Sal-Fayne

5 orders were prepared but not forwarded pending further discussions with General Counsel. These include Anacin, Duplexin, Painquellizer; Bayer Aspirin & B. A. for Children; Aspergum; Buffered Aspirin Formula 451; Methalgen, Gelpirin

6 cases in which orders will be prepared. Including Bufferin, Excedrin; St. Joseph's; Defencin; SPF; Counterpain; Rexall Buffered Aspirin

In 1961 the Commission issued complaints against the four largest producers of analgesics. The products and dates of complaints were:

March 14 - Anacin

July 25 - Bufferin & Excedrin

March 14 - St. Joseph's Aspirin

March 14 - Bayer Aspirin & B.A. for Children

Answers were filed in each case. On June 25, 1962 the Comm. suspended all cases as no medical evidence was available to substantiate the complaints. Subsequently, and pursuant to a Commission Resolution dated March 27, 1962 and one dated September 9, 1964, the Division of Food and Drug Advertising, in conjunction with the Div. of Sci. Op. prepared Section 6(b) interrogatories which were served on the above 4 among others. On April 7, 1965 the orders were rescinded and the complaints withdrawn again.

During the entire period 1961 - 1965 there was substantially no change in the nature of analgesic advertising.

The Johns Hopkins research showed all preparations about equal, except that Anacin & Excedrin produced more gastrointestinal ill effects than Bayer, Bufferin or St. Joseph's. This report

was published in the AMA Journal, and Bayer seized upon the results for advertising purposes. (AMAJ of 12/29/62)

Darmouth study showed all products tested were of equal non-gentleness to the stomach (Bayer, Anacin, Bufferin, B.C. Powder).

B.U. study showed that aspirin and phenacetin had virtually no effect on tension (these are the two ingredients in all of the analgesics; some have only aspirin; perhaps one or two have a third ingredient, I'm not sure).

Oklahoma Study showed no difference among Anacin, Bayer, Bufferin as to speed of relief.

About the end of fiscal 1965 (July 30, 65), a new form of analgesic - the time capsule - hit the market. Studies made by some of the manufacturers showed that this form of the drug was no better than ordinary stuff; it was marketed anyway.

Fair Packaging and Labeling Act

History:	2/3/65	S. 985 introduced
	5/25/66	Reported w/ amendments as S.R. 1186
	6/9/66	Passed by Senate 72-9
	10/3/66	Passed by House 300-8
	10/6/66	Conference asked by Senate
	10/12/66	Conference agreed to by House
	10/17/66	Conference Report agreed to by House
	10/19/66	Conference Report agreed to by Senate

Effective date: July 1, 1967

Section 6 of Act describes the required implementation which states that regulations promulgated under sections 4 or 5 of the Act shall be so done pursuant to the provisions of sub-

sections e, f, g of section 701 of the Food, Drug, & Cosmetic Act. There are several differences between the procedure described there and the FTC procedure. On 6/13/67, only two weeks before the Act was to take effect, the FTC published its amended Rules of Practice. (16 CFR 1.1-1.64)

June 27, 1967: Commission published its Section 4 implementation regulations.

During the month allowed for comment, 130 industry letters were received, mostly unfavorable. It was decided to revise.

March 19, 1968: Revised Section 4 implementation published.

Also, new division within Decep. Prac. formed to handle FP&LA work.

Extension beyond 30 day minimum denied; these proposals adopted.

An effective date of January 1, 1969 for new label orders

An effective date of July 1, 1969 for all commodities in commerce

Both times that orders and complaints were suspended or withdrawn the reason cited was that the field was too large to progress on a case by case basis, and industry guidance must be undertaken. One of the major considerations against case by case litigation was the impracticality of calling the same expert witnesses over and over again. Also it was deemed that since the industry is highly competitive and the trends of it would shift as a whole (e.g., time capsules and the associated bandwagon), industry guidance was more ideally suited to cope with the problem.

In preparation for a TRR hearing, Section 6(b) orders were made which would require all respondents to submit all

of the evidence which they would present at a hearing as well as that which they would not - e.g., the Stendin report, unfortunately published in the Journal of New Drugs, Nov-Dec 1964 because such data would better support the Commission's side of things. Such Orders were sent out about Feb. 1966.

This was too much for Bristol-Myers who issued a civil suit against the FTC on Nov. 14, 1967. They had responded to the order as had all the others, but they tried to prevent the TRR proposed on July 6, 1967 from occurring by seeking court relief. They lost of course, but delayed the FTC for another twelve months. The case was settled on June 11, 1968. A copy of the News Release of July 6, 1967 is appended.

Appendix 1.0

Washington Post

Thursday, December 5, 1968

page H19

'Abrasive' Toothpaste's Effect*Dental Group Issues**'Whitener' Warning*

By Morton Mintz

Washington Post Staff Writer

The American Dental Association is concerned with the possibility—neither proved nor disproved—that certain “whitener” toothpastes are too abrasive and increase the susceptibility of users to decay.

If there is a risk, it is mainly to persons over 35. That is largely because, in one adult out of four, the gums tend to recede and expose part of the root—the cementum—which is more readily eroded than the enamel.

The new edition of “Accepted Dental Therapeutics,” an Association guide that its Council on Dental Therapeutics plans to publish Jan. 1, will advise:

“Highly abrasive products should not be used regularly by individuals having exposed cementum or dentin [the major part of a tooth], or possibly by individuals with restored tooth surfaces of the softer synthetic materials.”

“Whiten or brighten” tooth

This caution will appear following a recognition of the “recent tendency to promote dentifrices on the basis of their ability to whiten or brighten teeth.”

“Such claims,” the Council will say, “appear to rely almost exclusively to the incorporation... of harsher abrasive agents.”

The possibility that the “whitener” toothpastes pose “some degree of danger” was raised last summer with pub-

lication of a study partially financed by Procter & Gamble in which 43 commercial dentifrices were mechanically brushed on freshly extracted teeth.

The researchers, Drs. George K. Stoakey and Joseph G. Muller of the Indiana University School of Dentistry, rated the following toothpaste brands excessively abrasive: Iodent No. 2, Ipana, Macleans, Plus White, Pact and Ammident Fluoride.

The products were purchased in the year ending in January 1966. Since then, the abrasiveness of Plus White has been reduced, and Ultra-Brite which has garnered nearly 10 per cent of a \$350 million market was put on sale.

Thorough Tests Urged

Replying to questions from The Washington Post, the Council said that “one study can never be conclusive” and urged thorough clinical tests.

The Council also said that “no definitive findings are available” as to whether the products in question “are, in fact, harmful” (the makers deny they are), and that dental literature has no adverse reports on one of the brands widely sold in England for almost 50 years.

But, the Council said, it sees “no valid reason” for using a high abrasive dentifrice.

Meanwhile, it is asking the manufacturers for data on abrasiveness.

APPENDIX

	Dismissals	Flammable Fabrics	Bait and Switch
Last Half 1964	9	0	2
1965	8	5	3
1966	2	6	4
1967	6	9	6
First Half 1968	6	8	10
TOTAL	31	28	25

	Collection Agencies	Aluminum Siding	Re-used oil and Golf Balls
Last Half 1964	4	1	5
1965	6	6	1
1966	5	6	2
1967	4	4	1
First Half 1968	3	2	2
TOTAL	22	19	11

Appendix 12

Applications for Complaint
for the Month of May 1967
Type and Source of Applicant

Letters of Complaint forwarded to Commission by:

	<u>March</u>	<u>April</u>	<u>May</u>
The White House	62	41	27
Members of Congress	117	111	99
Another Fed. Agency	105	68	56
State Agency	63	31	35
Consumer Groups	<u>35</u>	<u>12</u>	<u>32</u>
	382	263	249
Sent direct to Commission	<u>972</u> ^{1/}	<u>671</u> ^{1/}	<u>533</u> ^{1/}
Total Letters	1354	934	782
Type of Applicant	<u>March</u>	<u>April</u>	<u>May</u>
General Public	1143	768	602
Competitor	135	105	136
Consumer Group	27	21	18
State Agency	18	12	9
Commission Personnel	15	14	12
Another Fed. Agency	10	2	3
Members of Congress	<u>6</u>	<u>12</u>	<u>2</u>
	1354	934	782
Letters of Complaint	1168	807	686
Inquiry	<u>186</u>	<u>127</u>	<u>96</u>
	1354	934	782

^{1/} 186 of March letters, 118 of April letters and 99 of May were originally received in a field office.

Applications for Complaint
for the Months of July and August 1967
Type and Source of Applicant

Letters of complaint forwarded to the Commission by:

	<u>July</u>	<u>August</u>	
The White House	12	35	
Members of Congress	90	123	
Federal Agencies	37	68	
State Agencies	28	42	
Consumer Groups	20	41	
Sent direct to the Commission	<u>475</u>	<u>566</u>	
TOTAL	662	875	

Type of Applicant:

General Public	503	664
Competitors	122	163
Consumer Groups	13	22
State Agencies	12	11
Commission Personnel	6	6
Federal Agencies	2	6
Members of Congress	4	3
White House	--	--
TOTAL	<u>662</u>	<u>875</u>
Letters of Complaint	592	772
Inquiry	<u>70</u>	<u>103</u>
	662	875

Letters forwarded from field offices	50	98
--------------------------------------	----	----

Applications for Complaint
for the Months of February, March and April 1968
Type and Source of Applicant

Letters of Complaint forwarded to the Commission by:

	<u>February</u>	<u>March</u>	<u>April</u>
The White House	39	80	67
Members of Congress	82	129	103
Another Federal Agency	51	75	86
State Agency	39	86	54
Consumer Groups	26	36	35
Sent direct to the Commission	<u>533</u>	<u>851</u>	<u>663</u>
Total	770	1257	1008

Type of Applicant:

General Public	608	1047	831
Competitors	124	134	121
Consumer Groups	16	26	21
State Agencies	8	21	13
Commission Personnel	10	15	9
Federal Agencies	2	4	5
Members of Congress	2	10	5
White House	-	-	3
Total	<u>770</u>	<u>1257</u>	<u>1008</u>

Letters forwarded from Field Offices:

<u>February</u>	<u>March</u>	<u>April</u>
95	157	141

Applications for Complaint
for the Months of July and August 1968
Type and Source of Applicant

Letters of Complaint forwarded to the Commission by:

	<u>July</u>	<u>August</u>
The White House	76	66
Members of Congress	128	96
Federal Agencies	43	45
State Agencies	38	58
Consumer Groups	<u>34</u>	<u>31</u>
Sent direct to Commission	559	615
TOTAL	878	911

Type of Applicant:

General Public	750	764
Competitors	90	110
Consumer Groups	18	18
State Agencies	10	9
Commission Personnel	2	2
Federal Agencies	4	4
Members of Congress	3	4
White House	<u>1</u>	<u>0</u>
TOTAL	878	911

Letters forwarded from Field Offices:

<u>July</u>	<u>August</u>
109	84

Percentage of consumer, competitor and other applicants:

July	85.4%	12.5%	2.1%
August	83.9%	9.9%	6.3%

Appendix 13

From the appropriate law school class of '66, 454 students applied to the FTC and 105 were given offers of appointment. In the '67 class, 354 applied and 113 offers were tendered. Chart A gives by class for each of four regions - North, South, Midwest, and Far West¹ - three pieces of data. The first column gives the percentage of total applicants applying from that region. The second gives the percentage of total applicants offered appointments and the third the percentage of regional applicants offered appointments. The third column is the most important for it indicates that almost half of the applicants from the South are offered appointments as compared to the less than one quarter of the Northern applicants.

This discrimination is repeated on the level of appointments of older attorneys. In 1967 and 1968, despite criticism from the 1965 Civil Service Report for being too top heavy, the FTC hired 37 attorneys at the GS-12 rank or better² and another 68 at the GS-9 and 11 levels. All of these 105 appointments were made from law school classes previous to 1967. Of the 105,

1

States included in each category are North: Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, West Virginia, Maryland; South: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, Washington, D.C.; Midwest: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin; Far West: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming. This breakdown of states into regions was picked arbitrarily from a Newsweek regionalization of states for the purposes of indicating possible delegate votes before the National Convention last year.

2

19 GS-12's, 9 GS-13's, 5 GS-14's, and 4 GS-15's. This inordinate degree of hiring in senior grades proves that the FTC is not top heavy for the purpose of satisfying the demands of internal ambitious attorneys.

37 were from the North, 40 from the South, 21 from the Midwest, and 7 from the Far West. Chart B further amplifies the accusation inherent in Chart A by showing that more than half of those offers made to Northerners were by field offices, mostly in the North. In contrast, two-thirds of the offers made to Southerners were from the central office in Washington, D.C., where the southern Democrats are firmly in control. Chart C shows for a select state the percentage of applications from that state which were given offers. A high acceptance rate of Tennessee applicants is not remarkable considering Joe Evin's influence at the FTC, and the fact that Chairman Dixon and Executive Director Wheelock (who are both from Tennessee) are the final authorities on offers granted. According to sources in the FTC, close to the selection process these two men have misused their powers by hiring attorneys who have not gone through the normal application process of submitting law school grades and other pertinent data.

Chart D demonstrates that no significant difference in legal and law school standing exists between northern and southern applicants. For the class of '68, the Honors number indicates that both the southern and northern applicants on the average were in the second 25% of their class. While offers were given to men from both sections who on the average ran in the top 25% of the class. Considering that more than twice as many Northerners as Southerners applied to the FTC and, making the safe assumption that the distribution from the mean honor code number to the extremes of the scale was the same for both groups, one would expect twice as many well qualified Northerners applying to the Commission and, consequently, an offer rate approximately equal to the percentage of total applicants applying from that region, i.e., twice as many northerners receiving offers of appointment. These honor figures can be used for comparative purposes only if the law schools from which they apply are equal. The

common denominator of LSAT scores, which according to the Educational Testing Service is a good predictor of performance in law school, places the average applicant from both the North and the South together well within the ± 30 point margin of error¹ which the Educational Testing Service assigns to its LSAT figures. This reinforces what the honor code number demonstrated by showing an equality of legal aptitude between applicants from both regions.

These mean LSAT scores also prove the point that mediocrity in the FTC tends to seek its own image among applicants. The fact that in three of the four cases ('68 LSAT South, '67 LSAT South, '67 LSAT North) the average LSAT score of the students to whom appointments were offered was lower than the entire applicant group, while the honor number in both cases ('68 honor number South, '68 honor number North) improved substantially from average applicant to the average offered appointment, demonstrates again that less capable students are being accepted from inferior schools. Graduating law students offered appointments have a higher rank in class, but a lower basic aptitude for law because they come from mediocre law schools.

Chart E is indicative of this point. Using eight schools which were selected because they have either a high application rate or a high rate of offers at the FTC, one discovers that those schools whose applicants have the higher LSAT scores, also have the lower honor code numbers, ie. N.Y.U. (1-7), Georgetown (2-6), and Texas (3-5). Neither is it coincidental that N.Y.U. - a top quality, northern city school with no representatives in the FTC hierarchy - should also have the lowest acceptance rate of 9%, despite the fact that its applicants' high LSAT scores demonstrate more legal talent than the other schools.

1

Telephone interview with LSAT Program Director, Oct. 15, 1968.

Georgetown, because of its proximity to the central bureau and the number of its alumni in the FTC hierarchy, has fared somewhat better with an acceptance rate of 27%. The University of Texas has also done unusually well for a good law school; but here political factors outside the agency explain its success. George Washington University's high rate of 42%, which makes it second only to Kentucky (82%), is explained by the fact that two bureau chiefs, the General Counsel, the assistant to the chairman and a number of division chiefs and assistant bureau chiefs went there. The success of Kentucky (82%) and Tennessee (38%) is explained both by regional ties and their mediocre standing as law schools.

NOTES CODE

- (1) Top 10% plus activities
- (2) top 10%
- (3) top 25% plus activities
- (4) top 25%
- (5) top 50% plus activities
- (6) top 50%
- (7) lower 50% plus activities
- (8) lower 50%
- (9) standing-not indicated
- (0) previous graduate

CHART A

<u>Class of '67</u>	<u>% of Total Applicants</u>	<u>% of Total Applicants Offered Appointment</u>	<u>% of Regional Applicants Offered Appointment</u>
North	43	29	22
South	18	26	47
Midwest	25	30	38
Far West	<u>15</u>	<u>15</u>	<u>33</u>
	¹ 101%	100%	
<u>Class of '68</u>			
North	49	35	17
South	17	28	37
Midwest	26	29	25
Far West	<u>8</u>	<u>9</u>	<u>26</u>
	100%	¹ 101%	

¹ Figures do not add to 100% due to rounding.

CHART B

<u>Classes of '67 and '68 Combined</u>	<u>% of Applicants Offered Appoint- ments in Field Offices</u>
North	56
South	33
Midwest	36
Far West	72

CHART C

<u>All Applicants Applying in '67 and '68</u>	<u>% of Applicants Offered Appointments for Selected States</u>
New York	22
Massachusetts	31
Tennessee	52
Texas	53

CHART D

<u>SOUTH</u>	<u>Aver. Honor Code No.</u>	<u>Size of Sample</u>
'68 all applicants	4.2	(49)
'68 offered appointments	3.6	(28)
	<u>Aver. ISAT Score</u>	
'68 all applicants	597	(47)
'68 offered appointments	571	(16)
'67 all applicants	550	(34)
'67 offered appointments	541	(14)
	<u>Aver. Honor Code No.</u>	
<u>NORTH</u>		
'68 all applicants	4.6	(203)
'68 offered appointments	3.5	(35)
	<u>Aver. ISAT Score</u>	
'68 all applicants	574	(143)
'68 offered appointments	596	(22)
'67 all applicants	569	(90)
'67 offered appointments	534	(14)

CHART B

<u>Law Schools</u>	<u>Offered Appointment</u>	<u>Refused Appointment</u>	<u>Total</u>	<u>% Offered Appointment</u>
1) New York U.	3	31	34	9%
2) Georgetown	4	11	15	27%
3) Texas	5	9	14	36%
4) Geo. Washington U.	14	19	33	42%
5) St. John's	6	40	46	13%
6) Kentucky	9	2	11	82%
7) Brooklyn	6	38	44	14%
8) U. of Tennessee	6	10	16	38%

	<u>2 Yr. Combined LSAT Aver. of Applicants</u>	<u>Size of Sample</u>	<u>'68 Aver. Honor Code No. of Appl.</u>	<u>Size of Sample</u>
1) N.Y.U.	612	(19)	4.9	(20)
2) Georgetown	591	(14)	4.7	(6)
3) Texas	588	(3)	4.7	(10)
4) Geo. Washington	569	(17)	3.9	(16)
5) St. John's	565	(37)	5.8	(28)
6) Kentucky	558	(5)	3.1	(7)
7) Brooklyn	554	(24)	4.0	(17)
8) U. of Tennessee	525	(7)	3.9	(13)

Appendix M

Albany, New York
September 5, 1967

Dr. E.J. Huntington
Division West Chinchilla Corp.
Research Dept.
7230 North Pershing Drive
Omaha, Nebraska

Dear Doctor,

My freezer now contains 9 dead animals. This is discouraging as I am working so hard to eliminate the cause of their deaths. I am averaging 2 deaths a week. The druggist gave me a dog fungus spray to spray around the ranch on a breezy day. I stopped giving the one rack a dust bath because of passing the can from animal to animal. The other rack has individual cans and they still die.

Immunity from mother to baby does not seem to happen either. One mother died and her baby died about 3 weeks later. It forms no pattern that I can pin down. It jumps from tier to tier; from rack to rack. The only statement I can make with positiveness is that the male may be a carrier. He goes from cage to cage but he does not go from tier to tier.

Some of the animals loose a terrific amount of weight; some none at all. Some loose a lot of fur and some none at all.

Some linger for hours; some drop right off. They all appear to eat and enjoy their food; but loose weight nevertheless. All have one thing in common towards the end; an inability to swallow. They will be very limp but conscious; some try to cullide close to me. All die with their mouths open and the dead ones are usually found trying to get water.

They also have diarrhea.

Sincerely,

Watervliet, N.Y.
April 5, 1968

Attorney Seidman
% Federal Trade Commission
30 Church St.
New York, N.Y.

Dear Mr. Seidman:

Information and purchase of my chinchillas was from the telecast by Division West shown on WAST, channel 13. Their representative assured me with 11 males and seven females that I could easily earn up to \$6,000 a year; their offspring producing well, right in my cellar. Transactions took place April 6, 1966. After two years of hard work on my part I have received \$26 from my investment. With no end of red tape, commissions, etc. too numerous to mention.

Never did they mention fur chewing which laboratory testing from many parts of the world have yet to find any reason. The only solution was they must be destroyed. No medicine or knowledge at Midland Laboratory has aided after many months of testing. Fur chewing, disease and breeding problems is a great loss to chinchilla ranches. All information plainly shows it is impossible to bring in monetary returns to even pay for feed in these circumstances.

Division West stated in the purchase contract of April 1966 that they would prime, pelt and market our animals. The above promise is a serious one as without that service the rancher does not have the facilities or the know how for priming, especially as it requires refrigeration as no persons home can be kept at a temperature of 38-40°

Pelting service of that kind would be \$3.95 each by the corporation. October 1967 notices were sent out stating that they could no longer prime the animals as they had no facilities with large and numerous buildings they claim they have. The Central Avenue branch opened for 2 years, just long enough to help the salesman. All ranchers were left high and dry without a supply depot. Another fact is that the rancher has no way of knowing the value of the pelts. We were told the market price for pelts was \$17 to \$40. On 8 pelts I have received a return of only \$26. The price of the string was \$2145.00.

Sincerely,

Alton, New York
April 19, 1968

Division of Legal and Public Records
Office of the Secretary
Federal Trade Commission
Washington, D. C.

RECEIVED

APR 22 1968

LEGAL RECORDS

re: Division, West Chinchilla Corp.
7230 N. Porshing Drive,
Omaha, Nebraska

Dear Sirs:

I have read your announced provisional acceptance of a consent order prohibiting the above company from making misrepresentations in connection with their sale of Chinchillas to the public generally for use in breeding and raising Chinchillas.

I feel that a consent order of this type which is for settlement purposes only, and does not convict the respondents of the violation of the law, is very unfair to the average citizen like myself who has incurred great loss because of this misrepresentation.

I saw the advertisements of this company on television and relying on the statements concerning the quality of the animals sold by them, the breeding rate of the animals and the feasibility of raising them in small quarters at my home, I invested the sum of \$2,250.00 which I paid to the above company.

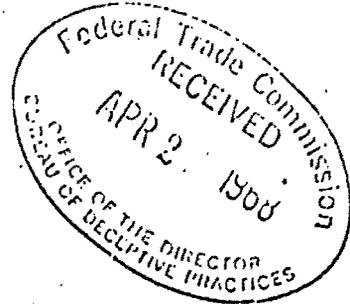
In one year the breeding rate has been half of that represented by the company, and it appears to me that I will sustain a considerable loss.

I believe that for the protection of citizens like myself who have relied on this television advertising, this matter should be prosecuted and conviction obtained.

Very truly yours,

April 20, 1968

Federal Trade Commission
Washington, D.C., 20580



Dear Sir:

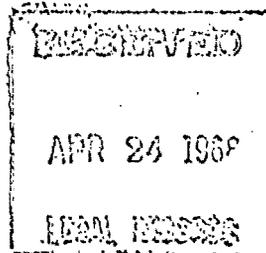
I am writing this letter in regards to Consent Order (File No. 662 3377) Concerning Division West Chinchilla Corp. of 7230 N. Pershing Drive, Omaha, Nebraska.

I am a very interested party in this Consent Order. In Sept., 1966, I received my animals from Division West. Not knowing anything about the Chinchilla Industry, I accepted what I was told by the salesman. Everything I was told appears in this Consent Order. In addition to all the false claims that you mentioned, all the animals were supposed to be young virgin animals in the 7-8 month old category. Tattoos in the ears of two of the animals I received put their age at 3 and 5 years old when they were delivered.

Also, the Herd Improvement Males that I have received have been of such poor quality that qualified animal judges have advised strongly against using animals of this poor quality for Herd Improvement.

I would appreciate to hear of any further developments against this Corp. Thank you very much for your time in this matter.

Sincerely Yours,



Judge Geer's Job - A Deceptive Tale

The Federal Government

WAS SINGING the Federal Government doesn't care to sell to Judge C. to C. Geer, a county justice in White County, the post office of his native town, comes the \$17,511 a year it pays him. But his situation symbolizes one of President-elect Nixon's problems in coping with a Democratic Congress come Jan. 20.

Until late 1967, Geer was the county judge of White County in east middle Tennessee. He handled probate, dealt with juvenile offenders, acted as trial agent and presided over the county court. All for \$9,160. It was, as successor David Goodrich remarks, a tough, full-time job more suitable for a younger man; Judge Geer is in his early 60s and he didn't relish the rigors of running for a second eight-year term.

Instead, the judge went looking for other work, and his Congressman and good friend, Joe Evin, heard of his need. Rep. Evin is chairman of the House Appropriations subcommittee that scrutinizes spending plans of all the independent Federal agencies; along with other senior Democrats he will resume the subcommittee chairmanship in the 91st Congress because Mr. Nixon's contacts weren't long enough to pull in a Republican majority.

Among the agencies for which Rep. Evin appropriates salaries is the Federal Trade Commission headed by Paul Rand Dixon, another Tennessean who not only depends on the Evin subcommittee for money but also enjoys the Congressman's friendship. Not surprisingly, Judge Geer soon wound up on the payroll of the FTC's Atlanta office. He began on July 9, 1967, just a few days after the start of a new fiscal year. The \$17,511 starting salary was considerably better than White County could afford, and after an automatic Federal civil service raise the judge was earning \$17,611.

But Atlanta is uncomfortably far from Judge Geer's native Sparta (pop. 4,510). So, responding to an Evin request for a survey to determine whether the FTC needed a new branch office, Chairman Dixon weighed in with a helpful decision last spring: The agency ought to have a branch office in Oak Ridge (though in cities as big as Philadelphia

and Detroit the agency has paid only by night for for the duration of Textiles and Fur. Acting quickly, the Government leased 3,000 square feet on North Parkway Avenue for an annual rent of \$1,200 and on April 15 Judge Geer moved in as a "trial attorney."

Despite Chairman Dixon's determination of need, there's little chance that work will overwhelm Judge Geer's lay outfit. For one thing, the agency neglected to announce that it was opening the Oak Ridge branch, so employed consumers presumably will continue directing complaints to the Atlanta regional office or to headquarters in Washington. Indeed, certain Dixon colleagues on the five-member Trade Commission are still unaware of the Oak Ridge branch, and the agency's information specialists didn't know until word trickled up from the supply room.

Nor is it likely that Trial Lawyer Geer will argue many cases in court. Federal judges for the eastern district of Tennessee hold court in Knoxville, Chattanooga, Greeneville and Winchester—but not in Oak Ridge.

Nonetheless, the judge does enjoy a distinction of sorts. He's the only FTC attorney working outside Washington who doesn't come under the agency's Bureau of Field Operations. Or, looking at it another way, he's the only field operative anywhere in the nation for the agency's Bureau of Deceptive Practices.

Superiors find it difficult to define his chores. Bureau Director Frank C. Hale, for one, says he's not quite sure what keeps the judge busy. Could it be an unannounced investigation, or the preparation of a complaint against some consumer-baiting scheme? "Not that I know of," says Mr. Hale, "but I understand there's a good deal of work down there."

Mr. Hale's assessment of the workload may be correct, for it does seem that Judge Geer is constantly on the go; 17 phone calls to Oak Ridge over three days failed to rouse a response either from the judge or from his office mate, Ernest A. Ball, an investigator for the Bureau of Textiles and Furs who went on the FTC payroll three weeks after the branch office opened. (Just as director Hale sounds unsure of Judge Geer's duties, so director Henry D. Stringer of the Bureau of Textiles and Furs seems uncertain about investigator Ball's; "I wouldn't know about that," Mr. Stringer says.)

Still, the episode permits certain conclusions:

- Rep. Evin's success as an employment agent may arouse the envy but not the anger even of economy-minded Congressional colleagues. "Remember," says one insider, "Houston didn't have a space center before Albert Thomas' day." Mr. Thomas, predecessor of Mr. Evin as chairman of the House Appropriations subcommittee, steered the \$500 million manned spacecraft center to hometown Houston; by comparison, the Oak Ridge office seems trivial.

- The so-called Tennessee gang dominates the FTC today no less than in the heyday of Tennessee Democrat Kenneth McKellar, chairman of the Senate Appropriations subcommittee who constantly pressured President Franklin Roosevelt for jobs. FDR obligingly let the Senator install friends at the FTC, presumably because the damage would be minimal. After Estes Kefauver succeeded Mr. McKellar in the Senate, Tennessee's hold hardened; the big favor Tennessean Kefauver wangled from President Kennedy was Tennessean Dixon's appointment as FTC chairman.

Judge Geer's job and dozens like it in other agencies will likely remain secure in the coming Republican Administration, so long as the jobholders enjoy the benevolent protection of Democratic committee chairmen. In any case, the Oak Ridge outpost seems unlikely to be closed soon, for the Government has farsightedly taken two one-year options to renew the lease.

Appendix I

The project's criticism of the quality of the FTC's performance in the consumer protection area is based on certain assumptions about the agency's proper role in that area demonstrated that for the last quarter century and more Congress has conceived of the FTC primarily as an enforcement agency rather than (as some scholars and one present Commission member have contended) as an information-gathering or advice-giving agency. We will further show that Congress has over the same period laid growing emphasis on protection of consumer interests in prescribing the Commission's duties.

The first of the above claims is best established by a review of the history of the agency and its organic statutes.

At the time of its creation in 1914, the FTC was designed primarily to deal with antitrust problems--the Federal Trade Commission Act (FTC Act) and the Clayton Act were considered together by Congress as extensive to Sherman Antitrust Act.

And under the FTC Act, Congress intended the FTC to perform several functions in connection with antitrust problems. These included data-gathering (with a view to further legislation), informing businessmen (it was thought that the antitrust laws lacked "certainty" and that the FTC could remedy this situation by advising businessmen on the legality of proposed business activities), as well as enforcement. Regarding enforcement, the Act provided specifically that

The Commission is hereby empowered and directed to prevent persons, partnerships or corporations . . . from using unfair methods of competition in commerce.

Act, §5(a)(6).

It went on to prescribe a form of procedure for establishing violations, halting them through the issuance of "cease and desist orders" (Act §5(b).), and enforcing such orders by civil penalties. (Act, §5(b).)

The structure of the original FTC Act suggests that even at the outset; Congress intended the FTC's major responsibility to be that of enforcement, for that power is the first to be mentioned in the Act in Section 5. (Sections 1 through 4 of the Act deal with establishment and staffing of the Commission, definitions, etc.) Other agency powers and functions are enumerated in later sections.

On the basis of the Act's legislative history, however, some commentators have argued that Congress' original intent was to minimize the FTC's enforcement duties in favor of its legislative-investigative and business-advising roles. Some have jumped from that position to an assumption that the agency's ~~enforcement~~ enforcement responsibilities should likewise be subordinated to the other functions. Such a view is erroneous as applied to the area of "direct consumer-protection," for it ignores the history of important later amendments to the FTC Act and more recent legislation involving this area. As used in this report, "direct consumer-protection" refers to the responsibility and authority to prevent consumer deception conferred on the FTC by certain key amendments to the Act made in 1938 and expanded by later specialized statutes.

The background and legislative history of the relevant provisions of Wheeler-Lea Act (the 1938 amendments to the FTC Act) demonstrate clearly that Congress intended by it both to involve the FTC in direct consumer protection and to give the agency an important enforcement role in that area. In earlier years, the agency had occasionally taken halting steps towards involvement in direct consumer-protection enforcement by treating deception of consumers as one species of the "unfair methods of competition" proscribed in Section 5 of the FTC Act. In the Raladam case, however, the Supreme Court had held that evidence of consumer deception alone was insufficient to show a violation of the Act. Congressional dissatisfaction with this holding coupled with outrage over and concern with the widespread and dangerous forms of consumer deception practiced during the Great Depression led to the passage of the Wheeler-Lea Act. This background alone suggests that Congress was thereby primarily interested in bringing a new enforcement agency--the FTC--into the consumer-protection sphere.

Such a conclusion is reinforced both by the specific provisions added to the FTC Act by the Wheeler-Lea Amendments and by the legislative history of those amendments.

Thus, besides specifying that "deceptive acts and practices" were now outlawed, the Amendments gave the FTC several new enforcement powers over certain kinds of deceptions.* Likewise,

* Thus, the Commission was authorized to seek both criminal penalties and temporary injunctions to prevent deceptive advertising of foods, drugs, and cosmetics. FTC Act, Sections 12, 14 and 15.

the... of... (1933) ...
 in... of...
 rather than...

Government's... of...
 has... for...
 a... of...
 to be... by the Flammable Fabrics Act of 1953 provide
 that the manufacture for sale, sale, importation or transportation
 in commerce of articles of wearing apparel and fabrics which are
 so highly flammable as
 to be dangerous when worn
 by individuals

is an "unfair and deceptive act or practice" under the FTC
 Act. (Flammable Fabrics Act, §3.) Then, Section 5 of the
 Flammable Fabrics Act states that it

shall be enforced by
 the [Federal Trade]
 Commission under rules,
 regulations and procedures
 provided for in the Federal
 Trade Commission Act

and specifically confers on the FTC the same "jurisdiction, powers
 and duties" to enforce this act as it has to enforce the FTC Act.
 (Flammable Fabrics Act, §5(b).)

The inescapable conclusion to be drawn from an evaluation
 of legislation affecting the FTC passed in the last 30 years
 is that Congress
 has brought its enforcement role to the fore, thus necessarily
 diminishing its other responsibilities in the context of limited
 resources.

The very contents of the recent statutes suggests that the
 Commission's main concern in enforcing them should be the protection
 of consumers.

The Commission should also focus on consumer interests in
 the enforcement of the deceptive practice language of the FTC
 Act, as amended by the Wheeler-Lea Act, for Congress passed
 the latter law to protect consumers. As stated by Senator Burton K.
 Wheeler, co-author of the Wheeler-Lea amendments

Broadly speaking, this legislation is designed to
 give the Federal Trade Commission jurisdiction over

unfair methods of competition for the
protection of competitors. (Napkins supplied.)

Quoted in Testimony of
Mr. Leslie V. Dix, Director for
Legislative Affairs of the
President's Committee on Consumer
Interests, before Federal Trade
Commission, November 12, 1966, p. 1.

November 23, 1968

Mr. William H. Donaldson
140 Broadway
New York, New York

Dear Mr. Donaldson:

Your memorandum to Mr. Lasker suggesting that the new administration include Black leaders other than the established name leadership was handed to me by Mr. Nixon's secretary.

We are doing our best to locate such leaders and would very much appreciate any assistance you could give us.

If you know of such people or can put us on the trail, I would be most appreciative.

How about giving me a telephone call when you have time?

Yours sincerely,

John D. Ehrlichman
Counsel to the President-Elect

JDE:hrs

MEMORANDUM

TO: Len Garment
450 Park Ave.
New York City

FROM: John Ehrlichman

RE: BOB BROWN

DATE: November 20, 1968

Len, Bob Brown phoned me last week and I asked him to be in touch with you. If he did not reach you, I hope you will call him at his office in Hyde Point, North Carolina to explore with him how the transition administration can "drop the other shoe." The black community apparently is waiting to hear what, how and when, and Brown suggests that if we are not prepared to be specific yet, that it would be advisable to put a team in the field to receive input at once to show some activity.

I am told that this may not be advisable since it is an imperfect substitute for action.

I would appreciate it if you would talk with Bob and devise a plan which would meet the problem which he feels exists.

JE/sg

MEMORANDUM

TO: Ray Price, Pat Buchanen
FROM: John Ehrlichman
DATE: November 20, 1968

Dear Ray and Pat:

Something over a week ago Mr. Nixon was reflecting upon the advisability of permitting access to all available records to several people to permit a correct historical account of the just-completed presidential campaign. He has designated to you, individually, as authorized historians of the campaign should either of you elect to undertake such a project.

In the event that neither of you elect this undertaking, then, presumably, some other designation will be made.

JE/sg

MEMORANDUM

TO: Marge Acker
FROM: John Ehrlichman
DATE: November 20, 1968

Will you please provide me with the address, telephone number and curriculum vitae on Frank Jargeson, former Executive Vice President Metropolitan Life.

JE/sg

MEMORANDUM

TO: Harry Fleming
Staff of the President Elect
% White House
Washington, D.C.

FROM: John Ehrlichman

DATE: November 20, 1968

- 1) It would seem appropriate for Vice President Elect Agnew to notify the Republican Governors that Ed Morgan and others will be available during the Governor's Conference to conduct recruiting interviews if the governors have suggestions. Members of their staffs or hot prospects should be brought to Palm Springs for this purpose. If you think this worthwhile, will you please ask Governor Agnew to make the contact?
- 2) Romer McPhee of Washington, D.C. has offered his services in assisting with security clearance.
- 3) Messrs. Webster and Jurich of Senator Tower's staff are available. They have been working on the Key Issues Committee as staff members and are very good people in my opinion. I would suggest you use them immediately in your operation if you find them to be satisfactory to you.

JE/sg

MEMORANDUM

TO: Rosemary Woods
FROM: John Ehrlichman
DATE: November 20, 1968

Our allotment of tickets to the Inaugural Ceremony on the capital steps will be approximately 1,300 seats. Governor Agnew will be allocated approximately 400 seats and the remaining 14,000 seats will be allocated by the Congress to themselves, the press, and others.

While we may be able to improve upon this allocation slightly, it is evident that we should carefully ration the available seats.

I will appreciate your selective list at the earliest possible time.

The Washington D.C. Citizen Inaugural Committee will be allocating about 4,000 seats for disposition to its constituents, the Republican National Committee, Citizens for Nixon-Agnew, the Republican and Nixon Finance Committees, etc. And you think your phone is ringing now!

JE/sg

MEMORANDUM

TO: Charles Stewart
FROM: John Ehrlichman
DATE: November 20, 1968

The President Elect has decided to host a dinner party for his former partners at the law firm within the next month.

Rosemary Woods will be providing us with the name of an orchestra which is preferred.

Please arrange a date with Dwight Chapin and discuss with ^{me} ~~him~~ the location, arrangements and menu which you propose to select.

You should contact Rosemary Woods for a guest list and arrange for invitations at least three weeks in advance.

JE/sg

cc: Rosemary Woods
Dwight Chapin

November 20, 1968

Mr. & Mrs. Jack L. Davies
Schramsberg
Calistoga, California 94515

Dear Jamie and Jack:

The wine was superb. Not only that, it was at the right place at the right time for celebration. When we boarded the planes in Los Angeles on November 5th to fly to New York, United Airlines had it aboard Mr. Nixon's plane, duly chilled.

It was savoured before, during, and after, and it was much appreciated by all concerned.

It was a very thoughtful and generous thing for you to do and I personally appreciate it very much. I am looking forward to finding some governmental errand which will require my inspection of your facilities toward the elimination of the fire ant blight, leaf curl, or cut worm infestation (at public expense, of course).

Please accept the thanks of the President Elect, his family and staff, and our congratulations upon a superb viticultural achievement.

Yours sincerely,

John Ehrlichman
Counsel to the President Elect

JE/sg

MEMORANDUM

TO: D. C.

FROM: John Ehrlichman

RE: ART FLETCHER (STATE OF WASHINGTON)

DATE: November 20, 1968

On last Sunday I interviewed Art Fletcher who is the unsuccessful candidate for the Lieutenant Governor in the State of Washington.

He is a former lineman for the Chicago Bears, is extremely articulate, cannot spell and has dirty fingernails.

He is presently occupied with the idea of forming self-help cooperatives in local neighborhoods to teach capitalism and create jobs.

He is evangelistic in his enthusiasm and undoubtedly can sell his program to blacks, Mexican Americans and poor whites as he has demonstrated.

His opponent in the recent election alleged that he was all talk and very little production. This may be the case.

He is not cabinet caliber. He should be favorably considered for a role which will put him in the field making contacts with black communities and white business leaders. I would imagine that he is a relatively poor administrative executive.

JE/sg

November 20, 1978

Mr. Robert Ellsworth
4406 Macomb
Washington, D. C. 20016

Dear Bob:

It is my understanding that the President-Elect has designated you to work with the Vice President-Elect on the preparation of substantive position for the Republican Governors Conference to be held in Palm Springs, California December 5th, 6th and 7th.

I talked with Governor Agnew this morning and advised him that you would be in contact with him upon return from your vacation. He intends to remain at the conference throughout its duration and you should plan accordingly.

Best regards,

John Ehrlichman
Counsel to the President-Elect

JE/sg

PLEASE SEND THE FOLLOWING TELEGRAM TO THE INDIVIDUALS
ON THE ATTACHED LIST. IT CAN GO NIGHT LETTER TONIGHT.

AS FOLLOWS;

"WELCOME YOUR RECOMMENDATIONS OF MEN AND WOMEN OF
INTEGRITY AND ABILITY FOR SERVICE WITH THE NEW ADMINISTRATION.
FOR POSITIONS BELOW CABINET AND SUBCABINET LEVELS. PLEASE
FORWARD YOUR RECOMMENDATIONS TO MR. HARRY FLEMMING, OFFICE OF
THE PRESIDENT-ELECT, C/O THE WHITE HOUSE, WASHINGTON, D.C.
FOR HIGHER POSTS PLEASE WRITE MR. PETER FLANIGAN, 450 PARK
AVENUE, NEW YORK CITY, 10022. IN BOTH INSTANCES THE MAXIMUM
AVAILABLE INFORMATION ABOUT EACH PERSON WILL BE MOST HELPFUL
AND WILL BE HELD IN CONFIDENCE. THIS REQUEST COMES TO YOU
WITH THE PERSONAL KNOWLEDGE OF PRESIDENT-ELECT NIXON WHO IS
ALSO URGING OTHER LEADERS IN AND OUT OF GOVERNMENT TO SUGGEST
EXCEPTIONALLY QUALIFIED PEOPLE FOR SERVICE TO OUR COUNTRY.
WITH CORDIAL REGARDS. BRYCE N. HARLOW, ASSISTANT TO THE
PRESIDENT-ELECT.

MEMORANDUM

TO: John Mitchell
FROM: John Ehrlichman
DATE: November 21, 1968

Ross Perot called to say that he was seriously considering offering a position to John Gardner, former HEW secretary.

Perot was concerned that we be aware of this and wished to be assured that we had no objection. I told him we did not.

JE/sg

MEMORANDUM

TO: Peter Flanagan
FROM: John Ehrlichman
DATE: November 21, 1968

W. Walter Williams called to say that Ralph Cake of Portland had been approached by Howard Edgerton of California Federal Savings and Loan, requesting chairmanship of the Federal Home Loan Bank Board.

I had the impression that Walter was making a case for Cake at the latter's request. Walter recognized that Cake is advanced in years and suggests a one-year tenure.

If I were you, I would inquire of Howard Edgerton what his position is.

JE/sg

MEMORANDUM

TO: Peter Flanagan

FROM: John Ehrlichman

DATE: November 21, 1968

Bob Hampton telephoned today to advise:

- 1) U. S. attorneys serve at the pleasure of the President and the designated terms of office in the Plumb Book should be disregarded.
- 2) Peace Corps officers serve as FSRO and can be terminated at will be the head of the agency. However, if they are terminated for cause, they are given a right of appeal. Suggest actions should be taken with scrupulous attention to the procedures followed.
- 3) John Macy has given a print-out to Frank Lincoln and the other lists have previously been furnished to Lincoln's assistant.

JE/sg

cc: B. Harlow

November 21, 1968

Mr. Robert McCune
Executive Director
1969 Inaugural Committee
Pension Building
Washington, D. C.

Dear Bob:

Would you give me a progress report on the Rose Bowl parade manager?

Some time ago it was suggested that Robert Hoving of New York City be included in the Inaugural plans to assist in the development of the theme, flair, tone, etc.

All agree that Hoving is an extremely able individual and if you were so fortunate as to obtain his assistance, it would doubtless add to the flavor and style of all that is done.

Yours sincerely,

John Ehrlichman
Counsel to the President-Elect

JE/sg

MEMORANDUM

TO: Peter Flanigan

FROM: John Ehrlichman

DATE: November 22, 1968

RE: Max Bond

Age: 33

Professor, Columbia School of Architecture

Black

Harvard, '58, OBK, Fullbright Scholar

Advisor to Ford Foundation

re: Harlem Projects

A founder of ARCH (re: Columbia Univ. gym, etc.)

High credibility with blacks is alleged by Ned Sullivan and Vernon Robertson (Urban League Consultant). Worked in Ghana, 1967, for Nkrumah. Wants to come in. Brother of Julian Bond.

JDE:hrs

M E M O

TO: Sherman Unger

FROM: John Ehrlichman

Joe Woods suggests Floyd M. Buford of Macon, Georgia be considered. He was first Assistant States Attorney under Eisenhower and U.S. Attorney under Kennedy and is recommended by Senator Talmade according to Joe Woods. These are doubtful facts and doubtful recommendations but it might bear some investigation on your part. An FBI agent with whom Joe Woods is familiar says that this man is the best prosecutor he has ever known.

JE:hrs

M E M O

November 23, 1968

TO: Sherman Unger

FROM: John Ehrlichman

RE: U.S. Attorney for Southern District of New York

Robert Price has suggested Paul Kern an an excellent prospect for this position. He was a member of the New York State Assembly, and Assistant U.S. Attorney and is now a member of the New York State Crime Commission. His father was Secretary of State under Dewey and Republican Chairman of New York County for many years.

Herewith his resume.

JE:hrs

att.

MEMO

November 23, 1968

To: John Mitchell

From: John Ehrlichman

Re: New Under-Secretary of Interior

Ralph Cake of Portland was in the office yesterday and suggested we consider Bob Timm, National Committeeman from the State of Washington, for appointment as Under-Secretary of the Interior.

JE:hrs

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

November 20, 1968

TO: Mr. Franklin B. Lincoln, Jr.

FROM: Charles S. Murphy *CSM*

There is a particular problem with respect to the professional staff of the Council of Economic Advisers. All professional members of this staff are in Schedule C, a most unusual situation. Some of them would probably be willing to remain on this staff in the new Administration if they were requested to do so. However, they are receiving offers of other jobs (good economists being scarce) and are reluctant to turn them down with no assurance of what to expect on the Council's staff after January 20th.

I am told by the Council's transition officer that he thinks it likely that all members of the professional staff will make commitments to accept other jobs within the next two weeks or so unless there is some indication from the incoming Administration that it wants them to remain on the Council's staff.

I thought you might want to arrange for this matter to receive prompt attention.

file

*Discussed w/
M. Schell
11-25*

November 23, 1968

To: John N. Mitchell, Esq.

From: Franklin B. Lincoln, Jr. *Frank*

Subject: Procedure for effecting an orderly
Presidential Transition

President Johnson designated Charles S. Murphy, Counselor to the President, as the central coordinator in the White House Office to assist him in transition matters and provide guidance to agencies on their transition planning.

As you know, Dick designated me as his representative to meet with Charles Murphy on matters relating to the transition in his letter of October 4, 1968 to President Johnson.

From time to time during the past six weeks I have met with Murphy in order to establish definite guide lines and procedures to help effect an orderly transition. Those procedures have been in effect since November 6, 1968.

At the insistence of the outgoing administration, all contact between Dick's Transition Staff and the departments and agencies of the Executive Branch should be initiated through Charles Murphy. At President Johnson's request, Murphy has been in constant contact with the departments and agencies of the Executive Branch since early September, and has developed specific procedures for

facilitating cooperation with the incoming Administration. He has requested that each department and agency designate a senior official to be responsible for developing transition plans adapted to the need of the particular department or agency and for supervising the implementation of those plans. In order to coordinate the outgoing Administration's transition assistance Murphy has instructed each department and agency to focus their response to questions from the incoming Administration through his office. We have been assured of the fullest cooperation from Murphy's office. He has the authority and capability of obtaining immediate response to questions that the Transition Staff might have.

Murphy has in turn requested, on behalf of the outgoing Administration, that all contact with his office be channeled initially through me. When the Transition Staff desires to meet with a department or agency or to obtain information from them I will contact Murphy who will in turn make proper arrangements for such a meeting.

In connection with certain priority matters, Murphy placed me in touch with several departments and agencies and the following special procedures have been established:

1. Security clearance for incoming appointees and Transition Staff personnel.
2. Provision of necessary services, facilities, and funds by the General Services Administration.
3. Obtaining guidance and computer capabilities of the Civil Service Commission for the Transition recruitment program.

September 17, 1968

TO: Ed McDaniel

FROM: John Ehrlichman

Whenever there is a PA failure please personally inform Mr. Nixon of which microphones are operating by coming on the stage and showing him.

September 17, 1968

MEMORANDUM

TO: ALL STAFF

RE: Philadelphia Motorcade, September 21st

On September 21st, Mr. and Mrs. Nixon will motorcade in the Philadelphia suburbs in Pennsylvania and New Jersey. We will carry only an abbreviated tour staff from Philadelphia to New York in the motorcade. The balance of the staff will fly to New York in one of our planes.

The following is the tentative staff list for the Philadelphia motorcade:

Dwight Chapin
John Davies
Bob Haldeman
Larry Higby
Ed McDaniel
John Ehrlichman
Vern Olson
Ben Föllmer
Ron Ziegler
Bruce Whelehan
Alan Woods

September 17, 1968

TO: John Davies

FROM: John Ehrlichman

Jack Altman will interview Mrs. Nixon for an English newspaper and the Chicago Sun Times on the flight from Springfield to Peoria.

September 17, 1968

TO: Martin Anderson

FROM: John Ehrlichman

The tour to Columbia, Maryland, will take place Thursday, October 10th, probably in the morning. Please follow through on the personnel to come from Reston, Irvine and the other new towns NT. I assume you will contact Bill Findley at the Rouse Corporation to make the necessary arrangements. Dick Moore and I will be glad to help you.

MEMORANDUM

TO: ALL STAFF

FROM: JOHN EHRLICHMAN

1. Marvin Snead now has the page-boy system in operation. To page a staff member call 241-2425 while we are in Cleveland. When we move on to other points along the tour you should call the Tour Office. The number will be **provided** on the staff rooming lists. The paging service will be in operation on a 24-hour basis.
2. Rather than have a medical doctor standing by in each community we will now have a Doctor traveling with us as a member of the staff until we return to New York. He is Dr. Ed Meyers and his name will appear on each rooming list or you can contact him through the paging system.
3. Please be alert to the changes which will occasionally occur in the scheduled baggage time. Local conditions in various hotels frequently necessitate last minute changes.
4. If you do not have a permanent residence or room arrangement in New York, and will require a hotel room when the Tour is there, please contact Linda Underwood well in advance so that she can make the necessary arrangements and you will be insured of a reservation.