

APPENDIX

COMMUNICATIONS BETWEEN THE SUBCOMMITTEE AND THE FEDERAL TRADE COMMISSION

Hon. PAUL RAND DIXON,
Chairman, Federal Trade Commission,
Washington, D.C.

MARCH 22, 1968.

DEAR MR. CHAIRMAN: The Special Inquiry on Consumer Representation in the Federal Government has been examining for several months certain practices and procedures of departments and agencies relative to the sale in commercial channels of consumer items purchased for Federal use, but rejected because of a failure to meet specifications and standards. Our investigation indicates that numerous consumer items, rejected by the Government for reasons which relate to the products' fitness for private consumer use, do find their way into normal commercial channels. Most such instances uncovered have resulted only in economic loss to consumers. Some, however, involve considerations of health and safety.

Accordingly, I have scheduled hearings on this subject for April 2 and 3, 1968. It would be greatly appreciated if we could have the Commission's views, for insertion into the hearing record, on certain aspects of this matter, as follows:

I. (a) Please comment on the legality of the sale into normal commercial channels of consumer items rejected by agencies of the Federal Government in packages, cartons, or wrappings exhibiting markings or words indicating that the item was procured pursuant to Government specifications or for use in Government programs.

(b) What can be done under existing law to prevent such sales? And, can liaison be improved between the Federal Trade Commission and those agencies which frequently reject consumer items likely to turn up in normal commercial channels in Government containers?

II. (a) Please comment on the legality or propriety of the sale in normal commercial channels of consumer items rejected for reasons which would render the item less fit or unfit for private consumer use, in containers or packages exhibiting only private labels or markings, without notice to the consumer of prior Government rejection.

(b) What rights to knowledge of the fact of previous Government rejection, if any, might the consumer have under present law. If none, does the Commission have any recommendations at this time for legislation governing such situations?

III. Has the Federal Trade Commission had any experience with or reports of the kinds of Government rejected sales discussed above?

If there are any questions regarding the contents of this communication, please contact Mr. Peter S. Barash on code 180, extension 5051. A reply by April 1 would be appreciated.

Best personal regards,

BENJAMIN S. ROSENTHAL,
Chairman, Special Inquiry into Consumer Representation in the Federal Government.

FEDERAL TRADE COMMISSION,
Washington, D.C., April 3, 1968.

Hon. BENJAMIN S. ROSENTHAL,
Chairman, Special Inquiry into Consumer Representation in the Federal Government, Committee on Government Operations. House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your letter of March 22, 1968, requesting the Commission's views on certain aspects of the situation you mentioned