Collection: Roberts, John G.: Files
Folder Title: JGR/President's Name, Likeness, Use of (2 of 7)
Box: 43

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

April 26, 1983

MEMORANDUM FOR FRED F. FIELDING

FROM: JOHN G. ROBERTS JGR

SUBJECT: Request that President Write Introduction to Book on U.S. Olympic Athletes

Bill Mallon, who is joining three other authorities on the Olympics to author a book on U.S. Olympic athletes through the ages, has written the President asking him to write an introduction to the book. Mallon enclosed an outline of the book, biographies of the authors, and examples of entries on former American Olympic stars, including Z.B. Strebler, who won a bronze medal in 1904 for wrestling even though he wrestled only once and lost.

This is a commercial endeavor (not sponsored by the U.S. Olympic Committee) and accordingly the President should not become involved. I have drafted an appropriate letter to Mallon.

Attachment

THE WHITE HOUSE

WASHINGTON

April 28, 1983

Dear Mr. Mallon:

Thank you for your letter to the President, requesting that he write an introduction to your book on American Olympic athletes. While your proposed volume promises to be an interesting contribution to Olympic literature, we cannot comply with your request that the President author an introduction. As a general matter the President avoids any action that suggests or could be construed as endorsement of any commercial product or enterprise, such as, in this case, your book.

I am confident that you will understand why we cannot comply with your request. Thank you for your inquiry, and best of luck with the book.

Sincerely,

Fred F. Fielding
Counsel to the President

Mr. Bill Mallon
2330 Hilton Avenue
Apartment 3
Durham, North Carolina 27707

FFF:JGR:aw 4/28/83

cc: FFielding
JGRoberts
Subj.
Chron

ID # 38093 CU

PR014-06

Roberts

JN

WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

☐ O - OUTGOING
☐ H - INTERNAL
☐ I - INCOMING
Date Correspondence Received (YY/MM/DD) / /

Name of Correspondent: Bill Mallon

☐ **MI Mail Report** **User Codes:** (A) ______ (B) ______ (C) ______

Subject: Asks the President to write an introduction to a book he is writing about U.S. Olympic athletes

ROUTE TO: Office/Agency (Staff Name)	ACTION: Action Code	ACTION: Tracking Date YY/MM/DD	DISPOSITION: Type of Response	DISPOSITION: Code	DISPOSITION: Completion Date YY/MM/DD
CUHolland	ORIGINATOR	83/04/22			/ /
	Referral Note:				
CUAT18	D	83/04/22		S	83/05/02
	Referral Note:				
		/ /			/ /
	Referral Note:				
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	Referral Note:				
		/ /			/ /
	Referral Note:				

ACTION CODES:
A - Appropriate Action
C - Comment/Recommendation
D - Draft Response
F - Furnish Fact Sheet to be used as Enclosure
I - Info Copy Only/No Action Necessary
R - Direct Reply w/Copy
S - For Signature
X - Interim Reply

DISPOSITION CODES:
A - Answered
B - Non-Special Referral
C - Completed
S - Suspended

FOR OUTGOING CORRESPONDENCE:
Type of Response = Initials of Signer
Code = "A"
Completion Date = Date of Outgoing

Comments:

Keep this worksheet attached to the original incoming letter.
Send all routing updates to Central Reference (Room 75, OEOB).
Always return completed correspondence record to Central Files.
Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

5/81

THE WHITE HOUSE
WASHINGTON
4/20

TO: Fred Fielding

FROM: *KARNA SMALL*
Director of Media Relations and Planning

This letter was sent to my office by the Correspondence Unit but since it involves a request for the President to write a section, and thereby endorse a book - I feel a member of your staff would be in a much better position to respond to this than I.

Many thanks.

Bill Mallon
2330 Hilton Avenue, Apartment 3
Durham, North Carolina 27707

21 March 1983

President Ronald W. Reagan
The White House
Washington, DC

Dear Mr. President:

I am an Olympic historian currently involved writing a book about United States Olympic athletes. The book will be published by Leisure Press in early 1984 and will chronicle the history of the United States' outstanding record of success in the Olympic Games.

I have noted recently that you have called on the American public and American business to give their support to our Olympic athletes - for which I applaud you. In keeping with this pledge, and as honorary patron of the 1984 Olympic Games, my co-author and I were wondering if you would be willing to write a short introduction to our book? I enclose a short synopsis of our project. The manuscript is due at the publishers by September 1, 1983 and we would be happy to send you a copy when completed.

I have also noted that you have guaranteed to open the 1984 Olympics. As you may know, no American President has ever done this before (in five Olympic Games in the United States), and I think it is wonderful that you have made this commitment.

Thank you very much for your time. I'll look forward to hearing from you.

Sincerely,

Bill Mallon

Bill Mallon

APR 18 REC'D

Enclosure: book synopsis

<u>BOOK ON UNITED STATES OLYMPIC ATHLETES - GENERAL OUTLINE</u>

I. Introduction, Preface, Dedication

II. Biographies of All United States Athletes Who Have Won Medals at the Olympic Games - Examples of Eight (8) Bios Are Enclosed

A. Interspersed with the biographies will be many, many photographs of the athletes - both from their competitive days and as they are today. We have hundreds of these photos available for use.

B. Also interspersed with be one paragraph fillers every few pages or so. These fillers will include Olympic anecdotes, Olympic trivia or unusual Olympic records - all concerning US Olympians.

C. Each page will/bear the name of at least one member of the 1980 United States Olympic Team. The book will be dedicated to this group of athletes, in toto, for their sacrifice. We hope to dedicate every page to an athlete of that team.

D. Total length for this main body of the book - ca. 350 pp.

III. Appendices of United States Olympic Records

A. Records section will include data about who has won the most gold medals, the most medals, who was the youngest medalist, gold medalist, competitor, who competed in the most Games, who competed in more than one sport, and similar items.

B. A section will also be devoted to the US efforts in contributing to the organization of the Olympics. It will list all US members of the International Olympic Committee(IOC), all Presidents of the United States Olympic Committee (USOC), all US athletes who have carried the torch into the opening ceremonies or spoken the oath of athletes at the opening ceremonies, all US athletes athletes who carried the flag at the opening ceremonies, and a list of US cities which applied for and have hosted the Olympic Games.

C. Total length for this section - ca. 7-10 pp.

IV. Master Index of United States Olympians

A. This will be a list of all United States Olympians since 1896. The list will include name, year and sport of Olympic participation.

B. Total length for master index - very variable depending completely on size of type used and size of page. There are approximately 4700 athletes. A very rough estimate is 50 pp.

AUTHORS' NOTES

IAN BUCHANAN

Ian Buchanan is 47 years old and lives in Hong Kong. He is British by birth and is an expert on track & field and the Olympics, in general. He has authored several books on track & field (notably A History of British Athletic Records, with Norris and Ross McWhirter of Guinness fame, and A Handbook of Far Eastern & Asian Games Track & Field Athletics). In addition he has written the Guinness Book of British Olympic Champions, to be published shortly. In our book, Buchanan will be responsible for the largest section, his specialty, track & field.

BILL MALLON

Bill Mallon is 29 years old and a medical student at Duke University. Formerly a pro golfer on the PGA Tour Mallon's hobby for many years has been collecting books about the Olympics. He has written several articles for various American magazines (Golf Digest, Golf Journal, World Tennis, The Olympian) and also the magazine of the IOC, Olympic Review. He also wrote a monograph on the 1904 Olympics. The German Olympic magazine, Olympischen Feuer, described Mallon recently as 'The foremost American expert on the history of the Olympics.' Mallon will be responsible for most of the minor sports in the book and will handle the bulk of the research.

ERICH KAMPER

Erich Kamper is 67 years old and lives in Graz, Austria. He is the world's foremost expert on the history of the Olympics, having authored Encyclopedia of the Olympic Games, Encyclopedia of the Olympic Winter Games, and Lexikon der 12000 Olympioniken (English trans. = Who's Who at the Olympics). Kamper is a close friend of both Mallon and Buchanan and will be providing assistance with research from his files and mainly be a consultant to the work.

JEFF TISHMAN

Jeff Tishman is 31 years old and lives in Glen Rock, New Jersey. He is known as the world's foremost fencing historian and has been author of several articles on fencing published in The Olympian, the magazine of the US Olympic Committee. He has naturally been a frequent contributor to American Fencing, the magazine of the Amateur Fencing League of America. Tishman will be in charge of the fencing and modern pentathlon sections of the book.

EAGAN, Edward Patrick Francis
B. April 26, 1898 - Denver, Colorado
D. June 14, 1967
Gold: 1920 Light-heavyweight Boxing
1932 Four-man Bobsledding

As the only person to win a gold medal at both the Winter and Summer Games, Eddie Eagan holds a unique place in Olympic history. In 1920 at Antwerp, Eagan beat Holstock (South Africa), then Franks (Great Britain), and in the final Sverre Sorsdal of Norway to win the gold in light-heavyweight boxing. After the Olympics, Eagan returned to Yale Law School. He left there in 1922 and went to Oxford as a Rhodes Scholar where he soon made his mark in British amateur boxing circles. In several matches against Cambridge, Eagan won bouts as both a heavyweight and a light-heavyweight. At the 1924 Olympics, however, he chose not to defend his light-heavyweight title and weighed in as a heavyweight. He met first the Englishmen, A. J. Clifton, who had replaced Eagan as British ABA heavyweight champion. After a grueling three rounds Clifton got the verdict but in doing so, so severely injured his hands that he could not come forward for his second round match.

After competing twice at the Summer Games Eagan made his debut at the Winter Games at Lake Placid in February 1932. It was here that he made Olympic history when, as a member of the 4-man bobsled team, he added a gold medal to the one he had won at the Summer Games twelve years earlier.

Eagan obtained a BA degree from Oxford in 1928 and in 1932 was admitted to the US Bar. He practiced law until the outbreak of World War II when he rejoined the armed forces. Colonel Eagan served with distinction throughout the period of hostilities and was awarded ribbons for combat in all three theatres of operations.

HEARN, Lacey Ernest
B. March 3, 1881 - Portland, Indiana
D. October 19, 1969 - Ft. Wayne, Indiana
Silver: 4 mile team race - Track & Field - 1904
Bronze: 1500 metres run - Track & Field - 1904

Hearn represented the Chicago Athletic Association at the 1904 Olympics. Running for them he lost a close race in the 1500 metres to his teammate, Jim Lightbody. Lightbody and Hearn teamed up, though, to lead Chicago to the silver medal in the team race.

Hearn graduated from Purdue in 1905 with a degree in electrical engineering. He later became a real estate broker.

LAMBERT, Albert Bond
B. December 6, 1875 - St. Louis, Missouri
D. November 12, 1946 - St. Louis, Missouri
Silver: 1904 Team Golf

Lambert, a left-handed golfer, is the only person who played in both the Olympic golf tournaments. After finishing 8th at Compiegne, France in 1900, he returned to his home club, Glen Echo CC in St. Louis, and convinced them to sponsor the Olympic golf event in 1904. That year he played on the Trans-Mississippi Golf Association team which finished 2nd. He also finished 5th individually - losing in the quarter-finals to the eventual champion.

Lambert was a wealthy manufacturer who founded the Lambert Pharmacal Co. - the company which invented the mouthwash, Listerine. He later became a major supporter of the early days of aviation. When Charles Lindbergh made his historic Trans-Atlantic flight, his major financial sponsor was Albert Lambert. In Lambert's honor, the St. Louis airport is now called Lambert International Field.

LIVERSEDGE, Harry Bluett
B. 1894 - Volcano, California
D. November 25, 1951
Bronze: 1920 Shot Put - Track & Field

Harry Liversedge attended the Univ. of California at Berkeley and while a student there acheived some success in the shot put - winning the 1916 IC4A championship in the event. His athletic career was detoured when he joined the Navy at the beginning of World War I. This eventually led to Liversedge becoming a career Navy man.

In 1920 Liversedge, representing the Navy, finished 3rd in the shot put behind Wille Porhola of Finland - the first time an American did not win the event. Liversedge resumed his Naval career after the Olympics and eventually acheived the rank of Brigadier General. He should be best remembered as the commander of the 28th regimen which raised the flag on Mt. Suribachi, Iwo Jima - the most famous photograph of World War II.

STREBLER, Z. B.
Bronze: 1904 Bantamweight Wrestling

Strebler was from St. Louis and represented the South Broadway AC at the 1904 Olympics. He performed the amazing feat of winning a bronze medal without ever winning a match. He wrestled once and lost in the single elimination tournament. But he had lost to the eventual champion, Isidor Niflot, and because of the unusual rules he was awarded third place.

THORPE, James Francis (né Wa-tho-huck - Sac and Fox Indian name, meaning 'Bright Path')
B. May 28, 1888 - Bellemont, Oklahoma
D. March 28, 1953 - Lomita, California

Jim Thorpe may be the greatest athlete of all time. In the 1912 Olympics he was an easy winner in both the decathlon and pentathlon. Upon awarding him his gold medals, King Gustav of Sweden told him, "Sir, you are the greatest athlete in the world." Thorpe also competed, and finished well up, in the high jump and long jump.

Thorpe was not allowed to keep his Olympic prizes. It was discovered he had played semi-pro baseball in the summer of 1911. Though Thorpe was paid only enough to cover his living expenses, his amateur status and his medals were taken from him.

At the Carlisle Indian School Thorpe had also been one of the greatest college football players of the early 20th century. He went on to be one of the first stars of American professional football and, to capitalize on his name, was appointed the first President of the NFL. Thorpe also played major league baseball with the New York Giants, Boston Braves, and Cincinnati Reds.

Thorpe worked for awhile as a movie extra in Hollywood but was a pauper most of his post-athletic life. In 1932, he wanted to attend the Olympics in Los Angeles but could not afford the price of a single ticket. When word of this spread, Vice-President Charles Curtis invited Thorpe to be his guest in the Presidential box throughout the Games.

Thorpe eventually died penniless only a few years after being voted by the nation's sportswriters as the greatest athlete of the first half-century. A movie, starring Burt Lancaster, was made of his life, entitled "Jim Thorpe - All-American." In 1973 the AAU restored Thorpe's amateur status. ~~This greatest of all American Olympians has not yet been given the same recognition by the IOC.~~ TO BE CHANGED

SPOCK, Benjamin McLane
B. May 2, 1903 - New Haven, Connecticut
Gold: 1924 Eight-oared Rowing

Dr. Spock is quite well-known to several generations of mothers - thanks to his best-selling book Baby and Child Care, first published in 1946 and reissued many times since. But in 1924 his first claim to fame was acheived when, as a member of the Yale crew which represented the US at Paris, he won a gold-medal in the Olympics.

Spock attended Yale both as an undergraduate and a medical student. He later prepared with both a pediatric and a psychiatric residency. He wrote Baby and Child Care in the evenings from 1943 to 1946. It has sold over 25,000,000 copies and been translated into 26 languages. He also wrote or collaborated on five other books on child care.

In the 60's and 70's Spock ~~became~~ famous as a political activist, speaking out vociferously against the war in Vietnam and against nuclear energy. He has also written several articles and books on these topics.

Today Spock lives in New York with his wife, the former Jane Cheney.

WINANS, Walter
B. April 5, 1852 - St. Petersburg, Russia
D. August 12, 1920 - Narking, Essex, England
Gold: 1908 Running Deer (Double Shot) Shooting
1912 Sculpture in the Arts Competitions
Silver: 1912 Running Deer (Single Shot) Team Shooting

After settling in America in the late 17th century the Wynants family changed their Dutch name to Winans and prospered with the development of the railroads. Walter Winans' father was one of two brothers who went to Russia to direct the building of a national railroad system and the future Olympic champion was born and educated in St. Petersburg. Walter Winans eventually settled in England and showed immense talent in many fields. Apart from his Olympic successes with the rifle he was a noted pistol shot and a renowned equestrian sculptor, exhibiting 14 times at the Royal Academy. In this field he won a second Olympic gold medal in 1912 at Stockholm. His first gold medal had been won four years earlier at London when aged 56 - making him the 2nd oldest US Olympic gold medalist in any sport.

It was the sport of trotting, another of his many interests, which led to Winans' death. Having won one race at the Parsloe Park track in England he was well on the way to winning another when he suffered a heart attack, fell from his rig and broke his skull. He died instantly.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

April 29, 1983

MEMORANDUM FOR FRED F. FIELDING

FROM: JOHN G. ROBERTS

SUBJECT: Unauthorized Use of President's Name and Likeness in Advertisement

Edward Friedman of Silver Spring has written to ask why the President would endorse and associate himself with the International Gold Bullion Exchange (IGBE), a retailer of precious metals. IGBE is under heavy investigation and generally seems to be a sleazy operation, although it claims some $80 million in annual sales. Friedman submitted an advertising flyer from IGBE. Page 5 of the flyer contains a photograph of the President at what is obviously a large meeting. Another individual is prominent in the photograph, and the caption reads: "Chief Financial Officer of International Gold Bullion Exchange Michael P. Zambouros, in Washington, D.C. on business with President Ronald Reagan."

Inquiries with the Social, Appointments, Photographic and Correspondence Units have turned up nothing on a meeting with Mr. Zambouros. Presumably the photograph was not taken at the White House. (If it were, you can be certain that would have been mentioned in the caption.) This is as egregious a violation of our policy on use of the President's name or likeness as I have seen, and it obviously is a calculated, advertent use. I have drafted an appropriately outraged letter to the Chairman of IGBE, and a reassuring letter to Friedman.

THIS JUST IN:

According to the attached story in yesterday's Wall Street Journal, IGBE has just filed for protection from creditors under Chapter XI.

Attachments

THE WHITE HOUSE

WASHINGTON

May 3, 1983

Dear Mr. Alderdice:

It has come to our attention that the International Gold Bullion Exchange is using an advertising flyer containing a photograph of the President. The caption beneath the photograph reads: "Chief Financial Officer of International Gold Bullion Exchange Michael P. Zambouros, in Washington, D.C. on business with President Ronald Reagan."

Please be advised that the use of the name and likeness of the President in your advertising flyer is not permitted. The White House adheres strictly to a policy of not authorizing the use of the name, likeness, or photograph of the President in any manner that suggests or could be construed as endorsement of any commercial product or enterprise. Your unauthorized use of the name and likeness of the President creates and was obviously intended to create the false impression that the President is associated with or has endorsed the International Gold Bullion Exchange. Indeed, we have received inquiries asking why the President has endorsed your firm.

The established policy prohibiting the use of the President's name or likeness in connection with any advertising or commercial promotion is clearly announced in section 236 ("Use of President's Name or Likeness") of <u>Do's and Don'ts in Advertising Copy</u>, a publication of the Council of Better Business Bureaus, Inc. You should also be aware that your use of the President's name and likeness could well constitute a violation of 15 U.S.C. § 45(a)(1), which prohibits, among other things, "unfair or deceptive acts or practices in or affecting commerce."

In light of the foregoing, I must advise you to cease immediately any use of the President's name or likeness in your advertising and promotion. I would further request your immediate advice as to the steps you have taken and propose to take in order to correct this misrepresentation to the public.

Sincerely,

Orig. signed by FFF

Fred F. Fielding
Counsel to the President

Mr. William Alderdice
International Gold Bullion Exchange
110 East Broward Boulevard
Fort Lauderdale, Florida 33301

FFF:JGR:aw 5/3/83

cc: FFFielding
JGRoberts
Subj.
Chron

ds, emblems, or insignia

ting or aiding in the collection of
ing engaged in furnishing private
ate detective services, uses or em-
pondence, notice, advertisement, or
leral", or "United States", the ini-
a, or name, for the purpose of con-
calculated to convey the false im-
is from a department, agency, bu-
ted States or in any manner repre-
ed not more than $1,000 or impris-

, 1959, 73 Stat. 570, and amended
7 Stat. 554.

al Note

Effective Date. Section 2 of Pub.L. 86 291 provided that: "The provisions of this section shall become effective sixty days from the enactment thereof. [Sept. 21, 1959]".

Legislative History. For legislative history and purpose of Pub.L. 86-291, see 1959 U.S.Code Cong. and Adm.News, p. 2608. See, also, Pub.L. 93-147, 1973 U.S. Code Cong. and Adm.News, p. 2344.

eferences

C.J.S. False Personation §§ 1, 2.

Decisions

false impression" that it was a government agency. Id.

. Evidence

Evidence sustained conviction for violating this section. Wacksman v. U. S., D.C.Mun.App.1961, 175 A.2d 789.

That defendant accused of violating this section had falsely promised money for answering questionnaire was compe- ent to show that authoritative appear- nce of questionnaire was also intended to eceive, where promise and appearance vere integral parts of single plan to pro- ure financial and other information bout delinquent debtors. Id.

§ 713. Use of likenesses of the great seal of the United States, and of the seals of the President and Vice President

(a) Whoever knowingly displays any printed or other likeness of the great seal of the United States, or of the seals of the President or the Vice President of the United States, or any facsimile thereof, in, or in connection with, any advertisement, poster, circular, book, pamphlet, or other publication, public meeting, play, motion picture, telecast, or other production, or on any building, monument, or stationery, for the purpose of conveying, or in a manner reasonably calculated to convey, a false impression of sponsorship or approval by the Government of the United States or by any department, agency, or instrumentality thereof, shall be fined not more than $250 or imprisoned not more than six months, or both.

(b) Whoever, except as authorized under regulations promulgated by the President and published in the Federal Register, knowingly manufactures, reproduces, sells, or purchases for resale, either separately or appended to any article manufactured or sold, any likeness of the seals of the President or Vice President, or any substantial part thereof, except for manufacture or sale of the article for the official use of the Government of the United States, shall be fined not more than $250 or imprisoned not more than six months, or both.

(c) A violation of subsection (a) or (b) of this section may be enjoined at the suit of the Attorney General upon complaint by any authorized representative of any department or agency of the United States.

Added Pub.L. 89-807, § 1(a), Nov. 11, 1966, 80 Stat. 1525, and amended Pub.L. 91-651, § 1, Jan. 5, 1971, 84 Stat. 1940.

Historical Note

1971 Amendment. Catchline. Pub.L. 91-651 substituted "Use of likenesses of the great seal of the United States, and of the seals of the President and Vice President" for "Use of the great seal of the United States".

Subsec. (a). Pub.L. 91-651 redesignated existing provisions as subsec. (a), and, as so redesignated, expanded prohibition to include likenesses of the seals of the President and Vice President, and added to the enumerated list of prohibited uses for likenesses of the great seal of the United States and for the seals of the President and Vice President, use in posters, public meetings, or on any building, monument, or stationery.

Subsecs. (b), (c). Pub.L. 91-651 added subsecs. (b) and (c).

Effective Date of 1971 Amendment. Section 3 of Pub.L. 91-651 provided that: "The amendments made by this Act [amending this section] shall not make unlawful any preexisting use of the design of the great seal of the United States or of the seals of the President or Vice President of the United States that was lawful on the date of enactment of this Act [Jan. 5, 1971], until one year after the date of such enactment."

Legislative History. For legislative history and purpose of Pub.L. 89-807, see 1966 U.S.Code Cong. and Adm.News, p. 4408. See, also, Pub.L. 91-651, 1970 U.S. Code Cong. and Adm.News, p. 5903.

THE WHITE HOUSE

WASHINGTON

June 29, 1981

Dear Mr. Redman:

Your letter of June 12, 1981 to the President, in which you requested information concerning use of the Seal of the President in newspaper advertisements, has been referred to this office for response.

Executive Order No. 11649, as amended, a copy of which is enclosed herewith, governs the use of the Seals of the President and the Vice President of the United States. You will note that use for "bona fide" news publications or telecasts is sanctioned.

However, with respect to the use of the Seal of the President in advertisements, it is a matter of long standing White House policy, under this and previous Administrations, that such not be used in connection with any commercial endeavor whatever. You should be advised that the Council of Better Business Bureaus, Inc. in Section 236a of its publication Do's and Don'ts in Advertising Copy specifically states that "[i]t is not permissible to use the Seal of the President of the United States in advertising copy."

Finally, it is possible that use of the Seal of the President in an advertisement may misleadingly suggest that the President has endorsed the product advertised therein and, therefore, such would be deemed a violation of 15 U.S.C. §45(a)(1). This provision of Federal law prohibits, among other things, "unfair or deceptive acts or practices in commerce."

Sincerely,

Fred F. Fielding
Counsel to the President

Mr. Michael Redman
Advertising Representative
Eden Daily News
Leaksville Publishing Company
804 Washington Street
P. O. Box 308
Eden, North Carolina 27288

May 3, 1977

MEMORANDUM FOR THE COUNSEL TO THE PRESIDENT

Re: Promotional Use of the President's Name

This is in response to your memorandum of March 8, 1977, requesting our advice as to possible legal remedies for promotional use of the President's name or likeness. From the letters enclosed, it appears that you are concerned with persons who seek to identify the President with a particular commercial product for promotional reasons, including trademark registration, and not with the vendors of pictorial material. The scope of this memorandum is accordingly limited to remedies for appropriation of the President's name for advertising or promotional purposes.

No federal law restricts the use of the President's name or likeness as such. Except for the law governing the registration of trademarks, limits on the commercial appropriation of an individual's name are primarily a matter of state law.

1. Federal registration of trademarks is governed by 15 U.S.C. § 1051 et seq. Section 1052 provides that:

> No trademark shall be refused registration on the principal register on account of its nature unless it--
>
> (a) Consists of or comprises . . . matter which may disparage or falsely suggest a connection with persons living or dead, institutions, beliefs, or national symbols, or bring them into contempt or disrepute . . .
>
> * * *
>
> (c) Consists of or comprises a name, portrait, or signature identifying a particular living individual except by his written consent . . . .

The Patent Office may apply this section and refuse registration on its own motion. E.g., Application of Continental Baking Co., 390 F.2d 747 (CCPA 1968). In addition, any person damaged by registration may object within 30 days of the publication of the proposed mark in the Official Gazette of the Patent Office. 15 U.S.C. § 1063. A registration which violates 15 U.S.C. § 1052(a) or (c) may be cancelled at any time on petition of a person who is damaged by its use. 15 U.S.C. § 1064(c). Findings of fact by the Patent Office on these issues are controlling unless overcome on judicial review by evidence "which in character and amount carries thorough conviction." Redken Laboratories, Inc. v. Clairol, Inc., 501 F.2d 1403 (9th Cir. 1974). Resort to the trademark law is therefore available for the purpose of preventing or cancelling the registration of trademarks using the President's name or likeness.

2. The Federal Trade Commission may have the power to prevent the commercial use of the President's name in some circumstances. Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45 (Supp. V 1975), authorizes the Commission to prevent "unfair and deceptive practices" in commerce, and it is well settled that this includes the power to prohibit deceptive or misleading advertisements. 1/ An advertisement is considered misleading if it creates a false impression of the source of the product or it implies a non-existent endorsement. 2/ The general rule is that "the public is entitled to get what it chooses, even though the choice may be dictated by caprice or by fashion or perhaps by ignorance." FTC v. Algoma Lumber Co., 291 U.S.

1/ E.G., Resort Car Rental System v. FTC, 518 F.2d 962 (9th Cir. 1975); FTC v. Sterling Drug Inc., 317 F.2d 669 (2d Cir. 1963); Aronberg v. FTC, 132 F.2d 165 (7th Cir. 1942). See generally FTC v. Colgate-Palmolive Co., 380 U.S. 374 (1965).

2/ FTC v. Royal Milling Co., 288 U.S. 212, 216-17 (1933); Niresk Industries v. FTC, 278 F.2d 337, 341 (7th Cir. 1960); Howe v. FTC, 148 F.2d 561 (9th Cir. 1945).

67, 73 (1934). Furthermore, the Commission considers the effect of the entire advertisement on the buying public as a whole, including "the ignorant, the unthinking, and the credulous," in determining whether it is misleading. 3/ The Commission may find the total effect misleading, because incomplete or out of context, even if every statement made is literally true. 4/

Under these principles, the Commission could probably prohibit the use of advertisements, labels, or trade names which implied that the President endorsed, profited from, or was connected with the sale of a particular product. The breadth of the test for misleading effect, coupled with the prestige of the Presidency and President Carter's well-known background, would probably allow the Commission to eliminate most of the attempts to attach the President's name to peanuts and peanut products. 5/

3. The States provide various additional remedies for unconsented use of an individual's name or likeness in advertising. The subsequent expansion of the First Amendment to limit state power to protect the privacy of public figures and to regulate commercial advertising do not

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3/ Aronberg v. FTC, 132 F.2d 165, 167, (7th Cir. 1945).

4/ FTC v. Sterling Drug, Inc., 317 F.2d 669, 674-75 (2d Cir. 1963); P. Lorillard & Co. v. FTC, 186 F.2d 52, 58 (4th Cir. 1950).

5/ It should be noted that the FTC has exclusive jurisdiction to enforce the Act. Alfred Dunhill Ltd. v. Interstate Cigar Co., Inc., 499 F.2d 232 (2d Cir. 1974); Holloway v. Bristol-Meyers, Inc., 485 F.2d 986 (D.C. Cir. 1973); Carlson v. Coca-Cola Co., 483 F.2d 279 (9th Cir. 493, 603 (1926).

appear to affect state power to prevent the unconsented appropriation of an individual's name for advertising purposes. 6/

6/ The First Amendment protects the publication of information about public figures against state defamation or privacy law unless the publication was made with actual knowledge of or reckless indifference to its falsehood. Time, Inc. v. Hill, 385 U.S. 374 (1967); New York Times Co. v. Sullivan, 376 U.S. 254 (1964). Last term, the Supreme Court held that the First Amendment also protects the right to publish and to receive truthful commercial advertising of lawful activities. Virginia State Board of Pharmacy v. Virginia Citizens Consumer Council, Inc., 425 U.S. 748, 769-70, 773 (1976). See also Bigelow v. Virginia, 421 U.S. 809, 825-26 (1975). The Court was careful to state, however, that it saw no obstacle in its opinion to the regulations of deceptive or misleading advertising. Id. at 771-72. See also 425 U.S. at 775-81 (Stewart, J. concurring).

THE WHITE HOUSE

WASHINGTON

April 29, 1983

Dear Mr. Friedman:

Thank you for your letter of April 20. Along with that letter you sent an advertising flyer from the International Gold Bullion Exchange, containing a photograph of the President with several other individuals. One of the individuals was identified as the Chief Financial Officer of the International Gold Bullion Exchange, and the caption to the photograph indicated this officer was "in Washington, D.C. on business with President Ronald Reagan." In your letter you questioned why the President would allow the Exchange to use his name.

Please be assured that the President has not permitted the Exchange to use his name or likeness, nor is the President in any way associated with the Exchange. The White House adheres strictly to a policy of not permitting the name or likeness of the President to be used in any way that suggests or could be construed as endorsement of a commercial product or enterprise. The use of the President's name and likeness in the Exchange advertising flyer was done without our knowledge, was completely unauthorized, and is contrary to established White House policy. We have taken appropriate action to correct the false impression of Presidential endorsement conveyed by the flyer.

Thank you for bringing this unfortunate matter to our attention.

Sincerely,

Orig. signed by FFF

Fred F. Fielding
Counsel to the President

Mr. Edward Friedman
13004 Collingwood Terrace
Silver Spring, Maryland 20504

FFF:JGR:aw 4/29/83
cc: FFFielding/JGRoberts/Subj./Chron

IGBE Files for Chapter 11 Protection, Lists $4.8 Million in Debt to Top Creditors

By ANNE MACKAY - SMITH
Staff Reporter of THE WALL STREET JOURNAL

MIAMI—The International Gold Bullion Exchange filed for protection under Chapter 11 of the federal Bankruptcy Code, listing debts to its top 46 creditors totaling $4.8 million.

The petition didn't give a total estimate of debts or any estimate of assets. Total debts of IGBE are expected to go much higher than the figure in the initial petition. Over the past three years, IGBE grew into one of the nation's largest precious metals retailers.

Yesterday, Thomas Tew, IGBE's counsel, said that by his latest, tentative estimate, IGBE has about 25,000 creditors, many of them customers who bought metal that wasn't delivered.

The Illinois attorney general's office, which is one of several law-enforcement agencies investigating IGBE, earlier this week estimated the company's debts could go as high as $200 million. It based that estimate on its own investigation and on conversations with law-enforcement officials in other states.

Mr. Tew said that the Illinois attorney general's estimate is "off the wall" but that he didn't yet have any estimate of the debts or assets of the company.

Events have moved quickly for IGBE over the past week. Last Thursday, a Broward County circuit court judge, at the request of the Florida attorney general's office, issued a temporary restraining order forbidding the sale of metals by IGBE and closed the company's headquarters in Fort Lauderdale, Fla. The judge also ordered the company to file for protection from creditors under federal bakruptcy statutes or the court would appoint a receiver to take over IGBE's affairs.

The actions by various government bodies were spurred by a rising tide of customer complaints against IGBE in recent months. The customers generally allege that they experienced long delays in delivery of purchased metals or haven't received them.

Gold Paint

The Broward County Court also appointed a curator to watch over IGBE's office. The curator, William Leonard Sr., examined IGBE's safe on Monday. He said he found 15 to 20 pieces of wood "cut and designed as gold bars and painted gold." Mr. Leonard said he found "no gold, no silver, no precious metals. The cupboard was bare."

Mr. Leonard said he also has served hold orders on eight banks with IGBE accounts in the Miami area, but doesn't know yet how much money is in those accounts. Asked what assets IGBE might have, Mr. Leonard said currently, "I don't know of any. That isn't to say there aren't any."

William Alderdice, chairman and a founder of IGBE, also said he doesn't have any firm idea of the assets and liabilities of his company. However, in an interview yesterday, the 39½-year-old Mr. Alderdice said it shouldn't surprise anyone that his safe was empty.

"I've got thousands of customers who need gold and silver. Why should I keep it in the safe? If there was an ounce of gold in there I should be slapped," said Mr. Alderdice.

Mr. Alderdice said the gold-painted wooden blocks were used as "paperweights."

Lifting of Ban Sought

Although Mr. Alderdice apparently didn't know how much, if any, precious metal IGBE has, he promised to "do everything in our power to get the gold and silver to the customers."

Mr. Tew, IGBE's counsel, said he plans today to ask the federal bankruptcy court to lift the state court ban on operation and allow IGBE to "do business on a limited basis" if an operating plan can be worked out.

The Florida attorney general's office has said it will strongly oppose any move to reopen IGBE.

Of the 46 creditors listed in the bankruptcy petition, most were individuals, apparently customers, with claims ranging up to $400,000 apiece. The largest trade creditor listed was Southern Bell Telephone & Telegraph Co., controlled by American Telephone & Telegraph Co., which was listed as being owed $270,932. IGBE's Mr. Tew said that bill was for telephone service.

ID # CU

FI008

WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

☐ O · OUTGOING
☐ H · INTERNAL
☐ I · INCOMING
Date Correspondence Received (YY/MM/DD) / /

Roberts

Name of Correspondent: Edward Friedman

☐ **MI Mail Report** **User Codes:** (A) ____ (B) ____ (C) ____

Subject: President Reagan's endorsement of International Gold Bullion Exchange

ROUTE TO: **ACTION** **DISPOSITION**

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
CWH011	ORIGINATOR	83/04/26			/ /
	Referral Note:				
CWAT18	D	83/04/26		S	83/05/04
	Referral Note:				
		/ /			/ /
	Referral Note:				
		/ /			/ /
	Referral Note:				
		/ /			/ /
	Referral Note:				

ACTION CODES:
A - Appropriate Action
C - Comment/Recommendation
D - Draft Response
F - Furnish Fact Sheet to be used as Enclosure
I - Info Copy Only/No Action Necessary
R - Direct Reply w/Copy
S - For Signature
X - Interim Reply

DISPOSITION CODES:
A - Answered
B - Non-Special Referral
C - Completed
S - Suspended

FOR OUTGOING CORRESPONDENCE:
Type of Response = Initials of Signer
Code = "A"
Completion Date = Date of Outgoing

Comments:

Keep this worksheet attached to the original incoming letter.
Send all routing updates to Central Reference (Room 75, OEOB).
Always return completed correspondence record to Central Files.
Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

5/81

13004 Collingwood Ter
Silver Spring MD 20904
April 20, 1983

138650 CU

Mr Fred Fielding
Counsel for the President
White House, Washington D.C. 20500

Re: President Reagan's endorsement of International Gold Bullion Exchange, Ft. Lauderdale Fla, a highly questionable firm.

Dear Mr Fielding,

I simply can't understand why President Reagan would allow the International Gold Bullion Exchange to use his name to

Cont. fr. p. 5 of [illegible]

endorse that firm. They are completely unreliable and are under investigation by the FBI, the Consolidated Futures Trading Commission, the Federal Trade Commission, the State of Illinois & Florida, etc.

The firm refuses to deliver. I know because it will not deliver my gold, silver & platinum. For reference, I cite my orders as follows:

order	Date
33993 F	12/2/82
34448 F	12/7/82
20080 D	1/11/83
20081 D	✓
20082 D	✓
20083 D	✓

I am also attaching the following items for reference:

1) Advertisement of IGBE showing President Reagan with an official of the firm. Why does President Reagan allow his name to be used? Or, even associated with IGBE?

2) An April 8, 1983 article from the Wall Street Journal

I hope you can persuade President Reagan to dissociate himself from the firm. I'm certainly sorry he lent his name because I'm stuck for about $11,000.

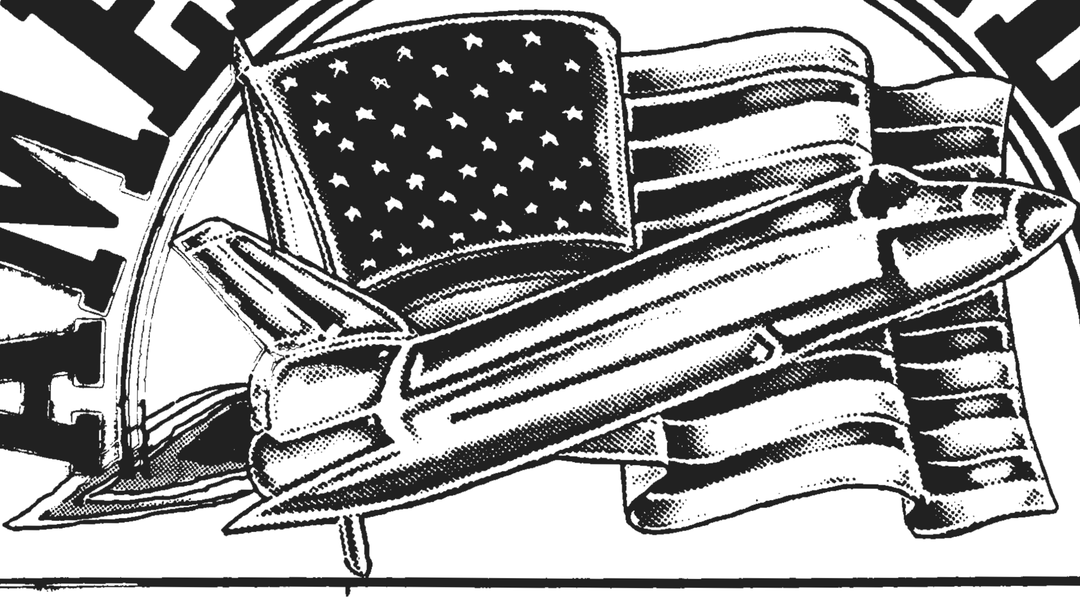
Sincerely,

E. Friedman

EDWARD FRIEDMAN

Page 1

AMERICAN FLYER



WARNING:

INSIDE CONTENTS WILL BRING YOU FINANCIAL SUCCESS!

TAKE CONTROL OF YOUR FINANCIAL FUTURE...
TURN THE PAGE.

The American dream of financial security can come true for you right now if you read and heed these golden facts!

★ FACT: People who have invested in gold are living the American dream right now!

★ FACT: Gold and other precious metals get stronger when other investments go through the floor!

★ FACT: Gold is the safest way to get richer quicker!

★ FACT: When paper money is worthless gold will be the only widely accepted form of currency... it always has and it always will be!

★ FACT: If you don't have gold or other precious metals in your portfolio, consider yourself unprotected financially!

★ FACT: Only a few short years ago the American dollar was worth a dollar and gold $35 an ounce. Today the dollar is worth much less, but gold is worth over $400 an oz.!

★ FACT: Gold and silver are the only international currencies that retain their value all over the entire planet!

★ FACT: Have you ever seen gold and silver go down and not come back up? Never!

★ FACT: There's never been a better time to buy gold and silver!

★ FACT: Only gold, silver and other precious metals can safely help you reach your American dream and keep you there once you get there!

★ FACT: Gold and silver are like the American space shuttle... always going up!

★ FACT: Gold is stronger than ever!

★ FACT: Gold is your best bet!

★ FACT: Banks fail, the stock market can crumble, even the money market funds have failed... more than once. Gold and silver never have and never will!

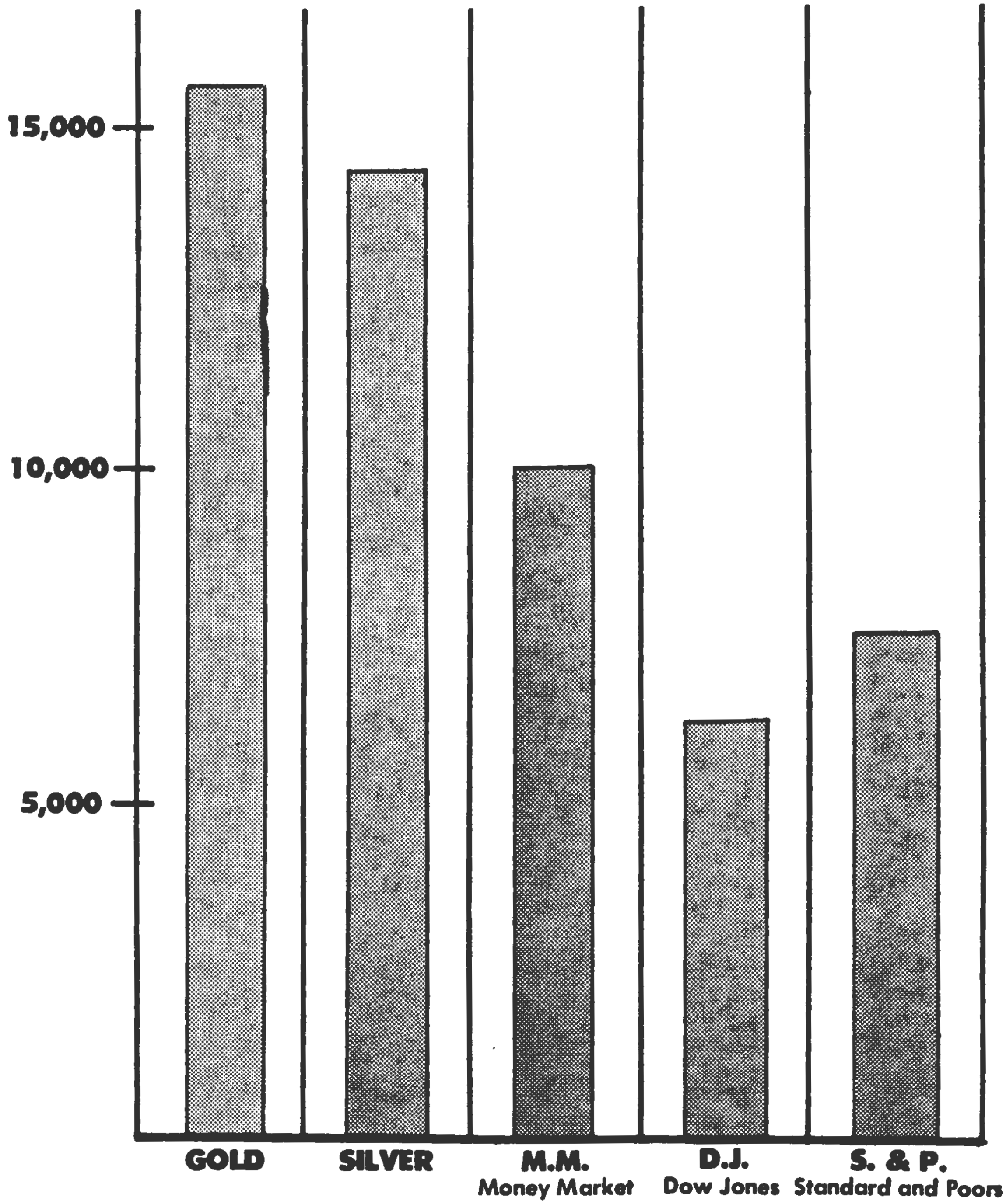
★ FACT: Many experts agree gold will be $1,000 to $2,000 an ounce in the near future, silver $75 to $100 an ounce.

★ FACT: It was one of the major quests for gold and silver that brought about the discovery of the new world/U.S.A.

Pc.. 3

GOLD & SILVER OUTPERFORM ALL OTHER INVESTMENTS.

5 Year Investment Comparison Chart.



Assumption: Invest $5,000 in 1977*.
Question: Where would your investment be now?*

*For S&P, assume 1979

*Numbers are rounded.

The International Gold Bullion Exchange has five exciting profit programs to offer you:

PROGRAM 1) GOLD AVAILABLE AT $10.00 UNDER INTERNATIONAL WHOLESALE MARKET PRICE: SILVER $.25 UNDER INTERNATIONAL WHOLESALE MARKET PRICE.

We are now presently mining our own precious metals and buying precious metals from other mines in other countries. These are in the form of miner's bars at a very substantial discount, under the international wholesale market price. This allows us to: A) Mint our own U.S. Super Ounce at a very substantial discount. B) As well as being able to trade miner's bars, ounce for ounce, for Krugerrands, Maple Leafs, Mexican Gold Coins, silver or any other of the precious metals.

PROGRAM 2) STRAIGHT BUY BACK

We will buy any precious metals from you at 2% over the international wholesale market price on gold and silver.

PROGRAM 3) 1½% EXCHANGE

We will buy your precious metals at international wholesale market price and allow you to purchase new metals at the same price. We will pay you 1½% per month rebate for a minimum of three months. You may participate in the program as long as you like. Customer Benefits: A) If you purchase metals at a higher price, although we are not tax advisors, it is quite obvious that you have sustained a loss and, therefore, you have a tax advantage while B) Still retaining full ownership of your precious metals. C) In addition, you receive 1½% per month rebate, which helps to lower your market position.

You now have the best of both worlds — continuous rebate checks and the best investment in the world!

Chief Financial Officer of International Gold Bullion Exchange Michael P. Zambouros, in Washington, D.C. on business with President Ronald Reagan.

PROGRAM 4) REFERRALS

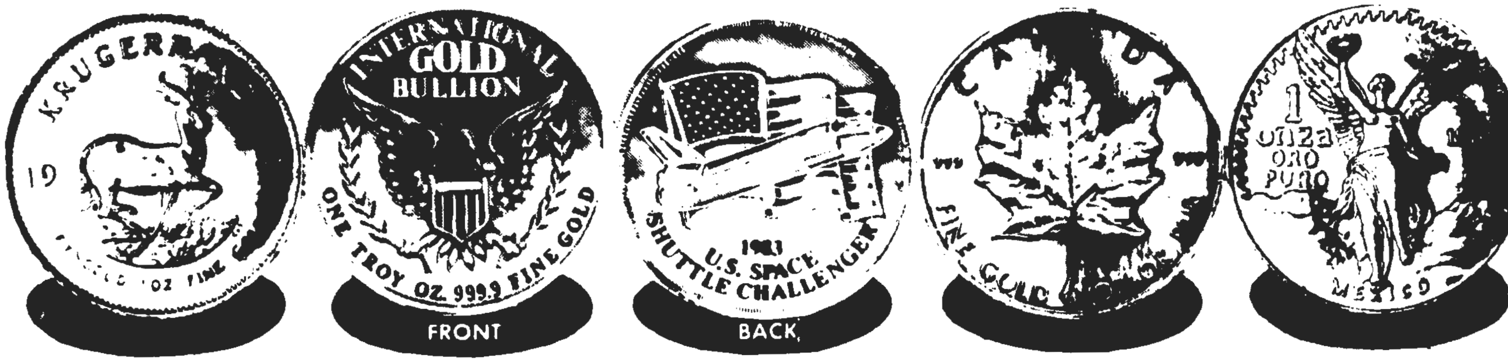
I'm sure you know a doctor, dentist, attorney, relative or an acquaintance who has expressed an interest in precious metals investments. Unfortunately, many people are not aware of how to go about making an investment in precious metals. You can now assist these potential buyers in acquiring their investment needs and you also will benefit. For any person that you refer to The International Gold Bullion Exchange who subsequently makes a purchase with us, you will receive a one gram credit Suisse gold ingot for your efforts.

PROGRAM 5) COST AVERAGING PROGRAM

This program helps you to average down your initial cash purchase of metals. Call us now to find out how to turn a minus into a plus... **If you don't, somebody else will.**

THIS IS YOUR OPPORTUNITY TO BUY GOLD FOR $10.00 UNDER AND SILVER FOR $.25 UNDER INTERNATIONAL WHOLESALE MARKET PRICES.

THE ONLY INVESTMENT STRONGER THAN GOLD IS THE INTERNATIONAL GOLD BULLION EXCHANGE!



Today is the first day of the beginning of the rest of your life.

Join The International Gold Bullion Exchange, the fastest growing corporation on the Planet. We are the fastest growing corporation because we invest in gold, the strongest investment on the Planet, and if you invest with us, you'll grow financially too!

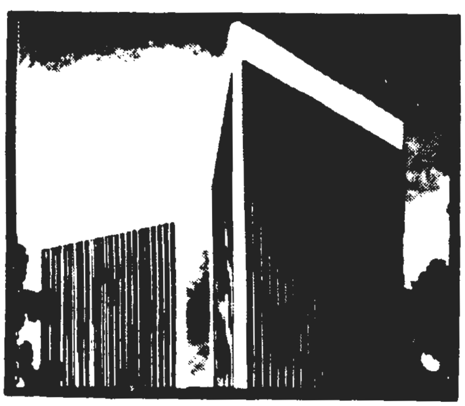
International Gold Bullion U.S. Super Ounces, Krugerrands, Maple Leafs, Gold Coins of Mexico, and Silver bullion at international wholesale market prices. Call "NOW" Toll Free and Lock-in your price on Gold or Silver at international wholesale market prices.
If you don't, somebody else will.

CALL 1-800-FOR-GOLD

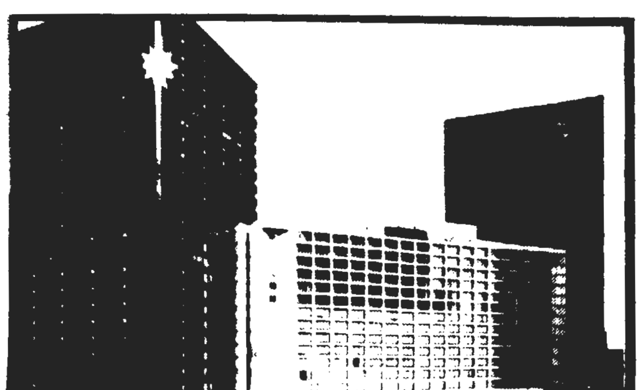
1-800-367-4653

The INTERNATIONAL GOLD BULLION Exchange

Over 150,000 satisfied customers couldn't be wrong.



West Coast International Corporate Headquarters
Los Angeles, California



Midwest International Corporate Headquarters
Dallas, Texas

East Coast International Corporate Headquarters
Fort Lauderdale, Florida

VOL. CCI NO. 69 ★ ★

Losing Luster

Alderdice's IGBE Is Top U.S. Gold Dealer But Has Many Critics

Florida and Illinois Impose Trading Curbs; Company Will Revamp Its Shipping

Big Brainstorm at Poolside

By Anne Mackay-Smith
Staff Reporter of The Wall Street Journal

FORT LAUDERDALE, Fla. — Three years ago, International Gold Bullion Exchange was just a glimmer in the eyes of three young businessmen as they lounged around a Florida swimming pool.

Today, IGBE is "without question the largest retail gold and silver dealer in the U.S." says an official of International Gold Corp. (Intergold), the marketing research arm of South Africa, the world's biggest gold producer. Fueled by a multimillion-dollar national advertising campaign, IGBE claims at least 150,000 customers nationwide and $80 million in annual sales.

That's just the beginning, says William Alderdice, IGBE's chairman and one of its founders. He says the closely held firm already has 38 subsidiaries with such exotic names as Muscle Boats International, Auto Precision Body Perfectionists and Planet Earth Products. "We're going to build the largest corporate entity in the world," proclaims the 39-year-old entrepreneur, whose previous business ventures included a wig store, a penny arcade, a bar and grill, and a clothing store. "I'll be the same as the president of Exxon or General Motors—a world leader," he says.

But amid these grand plans there is a growing chorus of criticism from IGBE customers. Scores of them have complained of poor service and broken promises. Customers and suppliers have filed some 31 suits against IGBE in recent months, the suppliers for nonpayment of bills.

States Take Action

In the last two weeks, moreover, regulatory authorities of Illinois and Florida have issued cease-and-desist orders to IGBE, claiming that the company has violated Federal Trade Commission mail-order merchandise regulations and has misrepresented delivery schedules on customers' orders. The Florida attorney general's office has 550 complaints on file about IGBE, and the Illinois secretary of state's office has received more than 225 just since March 21. The New York state attorney general's office has taken no formal action against IGBE; nevertheless, in response to inquiries it urges residents of the state to use "extreme caution" in dealing with the company.

The Florida order doesn't prohibit IGBE from doing business in the state but does bar it from continuing to engage in its allegedly unfair and deceptive practices. The company's principal offense, according to Donald North, a spokesman for the state attorney general's office, is failing to disclose its late-delivery policy. "It was their practice and policy to postpone delivery of these things (gold and silver) as long as possible," he says. IGBE has 21 days to request a hearing to get the order reversed. Mr. North said that his office will seek recoveries for "damaged consumers."

In Illinois, IGBE has consented to an order by Secretary of State Jim Edgar prohibiting the company "from selling gold and silver on any other basis than a delivery date not more than 14 days after customer funds have cleared banks," according to a spokesman. The order also states that the company must deliver all outstanding orders to Illinois customers by April 20 and submit an affidavit that it has done so. If these conditions aren't met, the Illinois spokesman adds, the company will be barred permanently from selling within the state.

'Growing Pains'

Meanwhile, other investigations are being conducted by the Federal Bureau of Investigation, the Federal Trade Commission, the U.S. Postal Service and the Fort Lauderdale police. However, no charges of criminal or civil wrongdoing have been filed against the company by these agencies.

Mr. Alderdice seems unfazed by the controversy. He says that the problems with customers and suppliers are simply the growing pains of a rapidly expanding business and that IGBE is working hard to satisfy all the individual complaints. As for scrutiny by law-enforcement agents, he comments, "I don't care if I'm being investigated. They can come in here and sleep with me if they want."

IGBE, of course, is but one company among the growing number of firms that are catering to the public's appetite for precious metals, either as an investment medium or as a kind of ace-in-the-hole protection against renewed inflation. Investors have a wide choice of ways to hold and trade gold: coins, such as South African Krugerrands, Mexican pesos or Canadian Maple Leafs; bars or ingots of varied sizes; certificates representing a quantity of the metal being held in a warehouse, or contracts calling for delivery of the metal at a specified price at some future date.

'Through the Cracks'

Only futures contracts that are traded on licensed commodities exchanges are subject to much day-to-day supervision, through the exchanges themselves and the federal Commodity Futures Trading Commission. In contrast, gold and silver merchants who deal in the actual physical commodity are burdened with little more regulation than the retailers of other tangible items such as used cars or refrigerators.

As a result, oversight is left largely to a hodgepodge of federal, state and local agencies that often don't have the interest or the resources to do a thorough job, observers

Please Turn to Page 17, Column 1

Losing Luster: Alderdice's IGBE, Top Gold Dealer, Has Many Critics

Continued From First Page

say. "These companies fall through the cracks. It is a dangerous and vexing area," comments Leo Melamed, the chairman of the National Futures Association, the futures industry's new self-regulating group.

Mr. Alderdice is one of the industry's newcomers, attracted by the gold and silver boom of the late 1970s. A Pittsburgh native whose formal education stopped with high school, Mr. Alderdice in 1978 started a small chain of jewelry stores called the Gold Rush and Diamond Exchange.

A year later, while Mr. Alderdice lounged poolside with his brother James and a friend, Michael Zambouros (currently a vice president and chief financial adviser of IGBE), the idea for a new company was born. "We decided we wanted to get into the gold business heavy," he recalls.

The decision has paid off. Asked how much he is worth, the bearded, brown-haired Mr. Alderdice, who wears a heavy gold bracelet on one arm and a Rolex watch on the other says, "A couple of million, I guess. Ask me next year and it'll be $20 million." IGBE has large, elaborately decorated offices here, in Dallas and in Los Angeles, and plans to open others in New York and Hong Kong.

How IGBE manages to prosper is a subject of considerable debate within the precious-metals business. For one thing, the company apparently sells large quantities of metal at prices that most competitors say they can't equal and that appear to be less than cost.

Buyers are offered gold and silver bars or coins at the "spot" price, or the current quotation for the bullion on commodity futures exchanges. Dealers traditionally charge customers 3% to 6% above that price for gold and more for silver to cover the costs of handling and storage and to allow for some profit.

The Fine Print

There is a catch, though, to IGBE's offer. To get the spot price, a customer must pay immediately but defer delivery for 12 to 15 weeks. Mr. Alderdice says that this "extended delivery" concept allows IGBE to invest customer money and earn interest income before having to buy and deliver the metal. The firm also offers two other purchase plans, one calling for delivery within three to five weeks and the other for delivery within 10 days. But the prices are considerably higher under these terms.

Other precious-metals dealers argue that while such an extended-delivery strategy could be profitable for a dealer, it carries enormous risks unless the company hedges in the futures market to protect itself against increases in metal prices. In hedging, a dealer would buy a futures contract to lock in the price that it offered to the customer.

Hedging adds about 8.5% to the cost of a sale, dealers say. This would diminish or even wipe out any interest earnings the dealer could achieve, they add. Without hedging, however, there is a potential for huge losses if metal prices move adversely. "That isn't a sound way of doing business. A number of firms have gone under speculating in that manner," says Leslie Deak, vice president of Deak Perera Group, a large, old-line precious-metals retailer.

Flexible Tactics

Mr. Alderdice says that IGBE's hedging practices have varied under different circumstances. While precious-metals prices were falling from 1980 to mid-1982, IGBE bet that the declines would continue and it didn't hedge most of its sales, he says. Since then, gold prices have risen sharply despite some recent drops, and IGBE hedged 40% to 80% of its sales, he adds. Asked how with added hedging costs and lower interest rates on investments the company can remain profitable, Mr. Alderdice says that its gains on unhedged sales outstrip its losses. Also, he says, his traders are expert at picking the lowest price in each 15-week period to buy metal for delivery to the firm's customers.

There is evidence that the increase in the number of complaints about IGBE coincided with the rise in precious-metals prices. The Fort Lauderdale consumer-affairs office said that it has received 125 written complaints and "from 20 to 30 phone calls a day" since the beginning of the year; last year, at this time, it had received about half a dozen in all. The South Florida Better Business Bureau has received more than 86 written complaints, compared with two or three at this time in 1982.

Many customer complaints are similar and involve allegations of long delays or outright failure to deliver the promised metal. For instance, Randy Chastain, a college senior from Park Forest, Ill., started buying gold and silver from IGBE last May. By January 1983, he had sent the company $34,537 but hadn't gotten any metal despite repeated phone calls. Instead, IGBE sent him a check for part of his order reflecting the then-current spot price; the check was returned for uncollected funds. Mr. Chastain filed suit in January in a Florida state court, charging IGBE with a "scheme to intentionally and willfully defraud."

An Unhappy Litigant

A week after the case was filed, it was settled. IGBE returned Mr. Chastain's investment, plus interest, attorney's fees, and money equal to the increased value of the metal he had ordered. Nevertheless, "we always wanted to take delivery," Mr. Chastain's father, George, says. "I'm not happy. We didn't get what my son contracted for."

In a complaint filed with the Fort Lauderdale consumer office, Martin Didier, also of Illinois, says he got a check instead of his silver. When he called IGBE to complain, according to the complaint, he "was told by customer service that in no way was I going to get my silver and I should be happy to receive more money than I paid for it."

Even people who receive metal aren't always satisfied. A Chicago resident says that after repeated calls to IGBE he was sent nicked, worn and scratched metal bars minted by a different company from the one originally specified. The bars arrived Scotch-taped in a cardboard box, he says. "They just tied together any old junk to get rid of me," he says.

Mr. Alderdice's response is, "Call them all up in two or three weeks and see if every one of them isn't happy and ready to do business with us again."

IGBE concedes that sometimes it doesn't deliver the metal within the 15-week extended-delivery period. Instead, customers may receive letters with an enclosed check, usually for 2½% of their investment. The letters say that if the customer agrees to a further delay in getting the metal, he will be paid 2½% interest a month. Cashing the check signifies agreement, the company says. If a customer refuses, the letters say, he must return the letter and the check and wait another seven to 10 days for delivery. However, many customers complain that after refusing this offer, they still have had to wait weeks and months for delivery of the metal.

Mr. Alderdice says that his company pays customers interest of one percentage point above the prime rate on delayed orders and often sends extra coins to customers who have had particular problems or long delays. Some customers confirm these assertions. IGBE also apparently settles quickly with customers who sue or whose complaints appear in the press. But a former IGBE employee says that when he was at the company and called 150 customers for new orders, about 60% of them said they were unhappy with their dealings with IGBE.

Customers aren't the only ones complaining. Suits by five creditors charge the company with non-payment of bills totaling $56,954. And Engelhard Corp., a major precious metal refiner, filed a suit in federal court in Miami charging IGBE with damaging its reputation. Affidavits filed by the refiner claim that IGBE salesmen blamed shipping delays on Engelhard, when the company hadn't been a supplier for some months.

Problems with Ads

IGBE is having problems with advertising as well. The company's commercials, which formerly were aired by four major local stations during ABC's Good Morning America show, are no longer being accepted by the network. The Wall Street Journal, which last year received $1.8 million (paid in advance) for IGBE advertising, has stopped accepting the ads. Similar action has been taken by the New York Times and the San Francisco News Agency, which handles advertising for all of that city's major newspapers.

Joseph Barletta, the president of the news agency, says that the ads were halted while his organization investigated customer complaints. Robert Higgins, the Journal's advertising manager, said only that the IGBE wasn't living up to the newspaper's standards for advertising acceptance.

Henry Harris, the president of the South Florida Better Business Bureau, is one of IGBE's sternest critics. He says that he thinks the company's ads are "totally misleading." They imply that all of IGBE prices are lower than those of competitors, he says, although immediate-delivery coins are actually more expensive. Mr. Harris also points out that the ads don't state that the customer must wait three to four months for delivery if he wants the lower price.

Mr. Alderdice Replies

Mr. Alderdice retorts, "What's misleading? They (the customers) find out on the phone." About the unpaid bills, he says, "Check us a week from now and they'll be paid." He doesn't explain why they weren't paid on time.

IGBE received another blow recently when South Africa's Intergold, which has co-sponsored some ads with IGBE, dropped the company from the advisory list for customers of firms where Krugerrands may be purchased. "Even though they are the largest Krugerrand retailer in the U.S. today, Intergold does not have a working relationship with them," an Intergold spokesman says. He declines, however, to explain why the change was made.

Mr. Alderdice replies, "I don't want to do their business. I have my own coin now." He is referring to an IGBE-minted "Superounce." IGBE still sells Krugerrands to customers who request them, however.

To get rid of complaints about deliveries, Mr. Alderdice says he plans to enlarge his shipping department. But he shrugs off most of his critics.

"Everybody in the world thinks we're going down the tubes. And we're doing so well, I'm laughing my ass off down here," he says. "We're making so much money I can't count it."