IN THE MATTER OF

HARRY MILLER ET AL. TRADING AS MILSON SALES & COMMISSION COMPANY

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

Docket 6304. Complaint, Mar. 2, 1955—Decision, July 1, 1955

Consent order requiring manufacturers with office in New York City to cease violating the Wool Products Labeling Act by labeling interlining fabrics falsely as containing "100% reused wool", "100% reprocessed wool", or "80% reused wool" and "20% other fibers", or by failing to label them as required.

Before *Mr. John Lewis*, hearing examiner.

Mr. Roslyn D. Young, Jr. for the Commission.

Hausman Forscher & Traub, of New York City, for respondents.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Wool Products Labeling Act of 1939, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Harry Miller, Samuel Miller, Edwin Allen Miller and Irwin C. Miller, as individuals and copartners, trading as Milson Sales & Commission Company, hereinafter referred to as respondents, have violated the provisions of said Acts, and the rules and regulations promulgated under the Wool Products Labeling Act of 1939, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondents, Harry Miller, Samuel Miller, Edwin Allen Miller and Irwin C. Miller, as individuals and copartners, are trading as Milson Sales & Commission Company, with their principal office and place of business located at 255 West 36th Street, New York, New York.

PAR. 2. Subsequent to the effective date of the Wool Products Labeling Act of 1939, and more specifically since January 1953,

respondents have manufactured for introduction into commerce, introduced in commerce, sold, transported, distributed, delivered for shipment and offered for sale in commerce, as "commerce" is defined in said Act, wool products, as "wool products" are defined therein.

PAR. 3. Certain of said wool products were misbranded within the intent and meaning of Section 4 (a) (1) of said Wool Products Labeling Act and the rules and regulations promulgated thereunder in that they were falsely and deceptively labeled or tagged with respect to the character and the amount of the constituent fibers contained therein. Among respondents' wool products aforementioned were certain interlining fabrics labeled or tagged by respondents as containing "100% reused wool"; "100% reprocessed wool"; or as "80% reused wool, 20% other fibers"; when in truth and in fact said interlining fabrics did not contain 100% reused wool; 100% reprocessed wool; or 80% reused wool, 20% other fibers as defined by the Wool Products Labeling Act of 1939 and the rules and regulations promulgated thereunder.

PAR. 4. Certain of said wool products described as interlining fabrics were misbranded in that they were not stamped, tagged or labeled as required under the provisions of Section 4 (a) (2) of said Wool Products Labeling Act of 1939 and in the manner and form prescribed by the rules and regulations promulgated thereunder.

PAR. 5. The acts and practices of the respondents as hereinabove alleged were in violation of the Wool Products Labeling Act of 1939 and of the rules and regulations promulgated thereunder, and constitute unfair and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act.

INITIAL DECISION BY JOHN LEWIS, HEARING EXAMINER

The Federal Trade Commission issued its complaint against the above-named respondents on March 2, 1955, charging them with having violated the Wool Products Labeling Act of 1939 and the Rules and Regulations promulgated thereunder, and the Federal Trade Commission Act, through the misbranding of certain wool products. After being duly served with said complaint, the respondents appeared by counsel and entered into a stipulation with counsel supporting the complaint, providing for the entry of a consent order disposing of all the issues in this proceeding. Said stipulation has been submitted to the above-named hearing examiner, heretofore duly designated by the Commission, for his consideration in accordance with Rule V of the Commission's Rules of Practice.

Respondents, pursuant to the aforesaid stipulation, have admitted all the jurisdictional allegations of the complaint and agreed that

the record herein may be taken as if the Commission had made findings of jurisdictional facts in accordance with such allegations. Said stipulation further provides that all parties expressly waive a hearing before the hearing examiner or the Commission, and all further and other procedure to which the respondents may be entitled under the Federal Trade Commission Act or the Rules of Practice of the Commission. Respondents have also agreed that the order to cease and desist issued in accordance with said stipulation shall have the same force and effect as if made after a full hearing, and specifically waive any and all right, power, or privilege to challenge or contest the validity of said order. It has been further stipulated and agreed that the complaint herein may be used in construing the terms of the order provided for in said stipulation, and that the signing of said stipulation is for settlement purposes only and does not constitute an admission by respondents that they have violated the law as alleged in the complaint.

This proceeding having now come on for final consideration by the hearing examiner on the complaint and the aforesaid stipulation for consent order, dated May 9, 1955, and it appearing that said stipulation provides for an appropriate disposition of this proceeding, the same is hereby accepted and ordered filed as part of the record herein by the hearing examiner, who makes the following findings, for jurisdictional purposes, and order:

1. Respondents are now, and have been at all times mentioned in the complaint herein, a partnership, with their office and principal place of business located at 255 West 36th Street, New York, New York.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents hereinabove named. The complaint states a cause of action against said respondents under the Wool Products Labeling Act of 1939 and the Federal Trade Commission Act, and this proceeding is in the interest of the public.

ORDER

It is ordered, That the respondents, Harry Miller, Samuel Miller, Edwin Allen Miller and Irwin C. Miller, individually and as copartners, trading as Milson Sales & Commission Company, or under any other name, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction or manufacture for introduction into commerce, or offering for sale, sale, transportation or distribution in commerce, as "commerce" is defined in the Federal Trade Commission Act and the Wool Products Labeling Act of 1939, of interlining fabrics or other "wool products" as such products are defined in and subject to the Wool

Products Labeling Act of 1939, which products contain, purport to contain, or in any way are represented as containing "wool," "reprocessed wool" or "reused wool," as those terms are defined in said Act, do forthwith cease and desist from misbranding such products by:

1. Falsely or deceptively stamping, tagging, labeling or otherwise identifying such products as to the character or amount of the constituent fibers included therein;

2. Failing to securely affix to or place on each such product a stamp, tag, label or other means of identification showing in a clear and conspicuous manner:

(a) The percentage of the total fiber weight of such wool products, exclusive of ornamentation not exceeding five percentum of said total fiber weight, of (1) wool, (2) reprocessed wool, (3) reused wool, (4) such fiber other than wool where said percentage by weight of such fiber is five percentum or more, and (5) the aggregate of all other fibers;

(b) The maximum percentage of the total weight of such wool products, of any non-fibrous loading, filling, or adulterating matter;

(c) The name or the registered identification number of the manufacturer of such wool product or of one or more persons engaged in introducing such wool product into commerce, or in the offering for sale, sale, transportation, distribution or delivery for shipment thereof in commerce, as "commerce" is defined in the Wool Products Labeling Act of 1939.

Provided, That the foregoing provisions concerning misbranding shall not be construed to prohibit acts permitted by paragraphs (a) and (b) of Section 3 of the Wool Products Labeling Act of 1939, and

Provided further, That nothing contained in this order shall be construed as limiting any applicable provisions of said Act or the rules and regulations promulgated thereunder.

DECISION OF THE COMMISSION AND ORDER TO FILE REPORT OF COMPLIANCE

Pursuant to Sec. 3.21 of the Commission's Rules of Practice, the initial decision of the hearing examiner shall, on the 1st day of July, 1955, become the decision of the Commission; and, accordingly:

It is ordered, That the respondents herein shall within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with the order to cease and desist.

Complaint

IN THE MATTER OF

UNIVERSAL WOOL BATTING CORP. ET AL.

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

Docket 6326. Complaint, Apr. 6, 1955—Decision, July 1, 1955

Consent order requiring manufacturers in New York City to cease violating the Wool Products Labeling Act by falsely labeling wool batts or battings as "80% Reused Wool, 20% Cotton & Rayon or Other Fibers" and "80% Reused Wool, 20% Other Fibers", and by failing to label said wool products as required.

Before *Mr. James A. Purcell*, hearing examiner.
Mr. George E. Steinmetz for the Commission.
Mr. Myron Goldman, of New York City, for respondents.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and the Wool Products Labeling Act of 1939, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Universal Wool Batting Corp., a corporation, and Jacob Louis, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. The corporate respondent, Universal Wool Batting Corp. is a corporation organized and existing under and by virtue of the laws of the State of New York. Respondent Jacob Louis is president thereof, and this individual formulates, directs, and controls the acts, policies, and practices of said corporate respondent. The offices and principal place of business of each of said respondents are located at 515 Tiffany Street, New York 59, New York.

PAR. 2. Subsequent to the effective date of the Wool Products Labeling Act of 1939 and more especially since January 1, 1953, respondents have manufactured for introduction into commerce, introduced into commerce, sold, transported, distributed, delivered for shipment, and offered for sale in commerce, as "commerce" is defined in said Act, wool products, as "wool products" are defined therein.

PAR. 3. Certain of said wool products were misbranded within the intent and meaning of Section 4 (a) (1) of said Wool products Labeling Act and the Rules and Regulations promulgated thereunder in that they were falsely and deceptively stamped, tagged, or labeled

with respect to the character and amount of the constituent fibers contained therein.

Among such misbranded wool products were batts or battings stamped, tagged, or labeled by respondents as consisting of "80/20% Reused"; "80% Reused Wool, 20% Cotton & Rayon or Other Fibers"; and "80% Reused Wool, 20% Other Fibers"; whereas, in truth and in fact said products actually contained substantially less quantities of reused wool and substantially greater quantities of non-woolen fibers than represented by said respondents as aforesaid.

PAR. 4. Certain of said wool products described as batts or battings were misbranded in that they were not stamped, tagged or labeled as required under the provisions of Section 4 (a) (2) of said Wool Products Labeling Act, and in the manner and form prescribed by the Rules and Regulations promulgated thereunder.

PAR. 5. The acts and practices of the respondents, as herein alleged, were and are in violation of the Wool Products Labeling Act of 1939 and of the Rules and Regulations pursuant thereto, and constitute unfair and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act.

INITIAL DECISION BY JAMES A. PURCELL, HEARING EXAMINER

The Federal Trade Commission on April 6, 1955, issued its complaint in this proceeding charging respondents with the violation of the provisions of the Federal Trade Commission Act and of the Wool Products Labeling Act of 1939, as will more particularly appear by reference to said complaint. On May 2, 1955, respondents filed their formal answer to the complaint and thereafter, on May 16, 1955, respondents entered into a consent agreement with counsel supporting the complaint and pursuant thereto submitted to the hearing examiner a stipulation for consent order disposing of all of the issues of this proceeding.

In said stipulation the respondent, Universal Wool Batting Corp., is identified as a corporation organized and existing by virtue of the laws of the State of New York, with its office and principal place of business located at No. 515 Tiffany Street, New York (59), New York. The individual respondent, Jacob Louis, is President of the corporate respondent and maintains his office and place of business at the same address as that of the corporate respondent, as above.

Respondents admit all of the jurisdictional allegations set forth in the complaint and agree that the record herein may be taken as if the hearing examiner and the Commission had made findings of jurisdictional facts in accordance therewith. All parties agreed that the formal answer filed herein on May 2, 1955, be withdrawn from record,

which action is hereby authorized. All parties expressly waive a hearing before the hearing examiner or the Commission; the making of findings of fact or conclusions of law by the hearing examiner or the Commission; the filing of exceptions and oral argument before the Commission and all other and further procedure before the hearing examiner and the Commission to which the said respondents might otherwise be entitled under the provisions of the aforesaid Acts and the Rules of Practice of the Commission.

Said stipulation provided further that it was executed for settlement purposes only and does not constitute an admission by said respondents that they have violated the law as alleged in the complaint. It was further agreed by the respondents that the Order contained in the stipulation shall have the same force and effect as if made after full hearing, presentation of evidence, and findings and conclusions thereon, and they specifically waive any and all right, power or privilege to challenge or contest the validity of the Order entered in accordance with said stipulation. They also agree that said stipulation, together with the complaint, shall constitute the entire record in this proceeding and that the complaint herein may be used in construing the terms of the hereinafter passed Order, which may be altered, modified, or set aside in the manner provided by the statute for the orders of the Commission.

In view of the facts above recited and that the Order embodied in said stipulation is identical with the Order *nisi* accompanying the complaint and that the acceptance thereof will effectively safeguard the public interest and pursuant to the express terms and provisions of said stipulation, the hearing examiner finds that this proceeding is in the public interest, accepts the aforesaid stipulation for consent order and issues the following order:

ORDER

It is ordered, That respondent Universal Wool Batting Corp., a corporation, and its officers, and respondent Jacob Louis, individually, and as an officer of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device in connection with the introduction or manufacture for introduction into commerce, or the offering for sale, sale, transportation or distribution in commerce, as "commerce" is defined in the Federal Trade Commission Act and the Wool Products Labeling Act of 1939, of batts or battings or other "wool products," as such products are defined in and are subject to the Wool Products Labeling Act of 1939, which products contain, purport to contain, or in any way are represented as containing "wool," "reprocessed wool," or "reused wool," as

such terms are defined in said Act, do forthwith cease and desist from misbranding such products by:

1. Falsely or deceptively stamping, tagging, labeling, or otherwise identifying such products as to the character or amount of the constituent fibers included therein;

2. Failing to securely affix to or place on each such product a stamp, tag, label or other means of identification showing in a clear and conspicuous manner:

(a) The percentage of the total fiber weight of such wool product, exclusive of ornamentation not exceeding five percentum of said total fiber weight, of (1) wool, (2) reprocessed wool, (3) reused wool, (4) each fiber other than wool where said percentage by weight of such fiber is five percentum or more, and (5) the aggregate of all other fibers;

(b) The maximum percentage of the total weight of such wool product of any non-fibrous loading, filling or adulterating matter;

(c) The name or the registered identification number of the manufacturer of such wool product, or of one or more persons engaged in introducing such wool product into commerce, or in the offering for sale, sale, transportation, distribution or delivery for shipment thereof in commerce, as "commerce" is defined in the Wool Products Labeling Act of 1939.

Provided, That the foregoing provisions concerning misbranding shall not be construed to prohibit acts permitted by Paragraphs (a) and (b) of Section 3 of the Wool Products Labeling Act of 1939; and

Provided further, That nothing contained in this order shall be construed as limiting any applicable provisions of said Act or the Rules and Regulations promulgated thereunder.

DECISION OF THE COMMISSION AND ORDER TO FILE REPORT OF COMPLIANCE

Pursuant to Sec. 3.21 of the Commission's Rules of Practice, the initial decision of the hearing examiner shall, on the 1st day of July, 1955, become the decision of the Commission; and, accordingly:

It is ordered, That the respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with the order to cease and desist.

IN THE MATTER OF

WILLIAM BOGOLUB DOING BUSINESS AS FABRICON COMPANY

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

Docket 6282. Complaint, Jan. 10, 1955—Decision, July 6, 1955

Consent order requiring an individual in Chicago to cease misrepresenting in advertising the ease of learning his correspondence course in reweaving and the opportunities and earnings available to students completing the course.

Before *Mr. Frank Hier*, hearing examiner.
Mr. Edward F. Downs for the Commission.
Mr. Bernard H. Sokol, of Chicago, Ill., for respondent.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that William Bogolub, an individual doing business as Fabricon Company, hereinafter referred to as respondent, has violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent William Bogolub is an individual trading and doing business under the firm name and style of Fabricon Company, with his principal office and place of business located at 8342 South Prairie Avenue, Chicago, Illinois.

PAR. 2. Respondent is now, and has been for more than one year last past engaged in the sale and distribution in commerce, among and between the various States of the United States, of a course of study and instruction designed to prepare students thereof for work as commercial reweavers. Said course is pursued through the medium of the United States mails. Respondent, in the course and conduct of said business, causes his said course of study and instruction to be transported from his said place of business in the State of Illinois to the purchasers thereof located in other States of the United States. Respondent maintains, and at all times mentioned herein has maintained, a substantial course of trade in said correspondence course, in commerce, among and between the various States of the United States.

PAR. 3. Respondent, in the course and conduct of his business and for the purpose of inducing the purchase of his said course of instruction, in commerce, has made many claims, statements and representations respecting said course and the benefits which will accrue to those who purchase and complete said course. Such claims, statements and representations were contained in advertisements inserted in newspapers and magazines and in other printed matter disseminated generally to prospective purchasers. The statements, claims, representations and implications arising by reason thereof, are, in substance, as follows:

1. That it is easy to learn reweaving by taking respondent's course of instruction.

2. That any person who can read English and has normal use of his or her hands and eyes, with or without glasses, can complete respondent's course of instruction and thereby become an expert reweaver.

3. That there is a great demand for persons who have completed respondent's course of instruction.

4. That upon the completion of respondent's course of instruction, earnings of $20.00 a day or $75.00 to $150.00 a week can reasonably be expected.

5. That respondent's course of instruction has been purchased and approved by more than one out of every four States of the United States.

PAR. 4. All of the statements, represenetations and implications hereinabove set forth were and are false, deceptive, misleading or exaggerated. In truth and in fact:

1. It is not easy to learn reweaving by taking respondent's correspondence course of instruction.

2. Not everyone being able to read English and having the normal use of his or her hands and eyes can complete respondent's course of instruction because the completion of such course requires a manual dexterity and other characteristics not possessed by many persons, and many of those completing said course of instruction are not thereby expert reweavers. Under ordinary circumstances those persons completing said course of instruction must study and practice under the personal supervision and guidance of a competent instructor before they become expert reweavers.

3. There is no great or general demand for persons who have completed respondent's course of instruction.

4. The mere completion of respondent's course of instruction does not qualify the average person taking said course for a position as

a commercial reweaver, and the earnings of persons completing respondent's course of instruction average far less than respondent claims they can reasonably expect to earn.

5. Respondent's course of instruction has not been purchased and approved by more than two States of the United States, if any.

PAR. 5. Through the use of the name Fabricon Invisible Reweavers Guild and the offer of membership therein to the purchasers of respondent's course of instruction respondent represents directly and by implication that the Fabricon Invisible Reweavers Guild is an organization or association composed of qualified reweavers who elect their own officers and operate the "guild" for the mutual aid and benefit of its members and that membership therein is open to all qualified reweavers.

In truth and in fact the Fabricon Invisible Reweavers Guild is not a "guild" in that it is not an organization or association composed of qualified reweavers as many of the so-called members are not qualified reweavers, there are no officers, nor is it operated by the members for their mutual aid and benefit; it is merely an adjunct of respondent's business and is used as an inducement to the purchase of respondent's course of instruction and all members thereof are purchasers of respondent's course of instruction.

PAR. 6. The use by the respondent of the false, misleading and deceptive statements and representations hereinabove set forth has the tendency and capacity to mislead a substantial portion of the purchasing public into the mistaken and erroneous belief that such statements and representations are true and to induce a substantial portion of the purchasing public, because of such erroneous and mistaken belief, to purchase respondent's course of instruction.

PAR. 7. The aforesaid acts and practices of respondent, as herein alleged, are all to the prejudice and injury of the public and constitute unfair and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act.

INITIAL DECISION BY FRANK HIER, HEARING EXAMINER

Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission on January 10, 1955, issued and subsequently served its complaint on respondent herein who has his principal office and place of business at 8342 South Prairie Avenue, Chicago, Illinois and who is engaged in the sale and distribution in commerce of a course of study and instruction designed to prepare students thereof for work as commercial reweavers.

On May 4, 1955, there was filed with the Federal Trade Commission a stipulation between the parties providing for entry of a consent order, which stipulation appears of record. By the terms thereof respondent admits all the jurisdictional allegations set forth in the complaint; stipulates that the record herein may be taken as if the Commission had made findings of jurisdictional facts in accordance with such allegations; stipulates that the agreement is for settlement purposes only and does not constitute an admission by respondent that he has violated the law.

Respondent expressly withdraws his answer previously filed herein and waives a hearing before the hearing examiner or the Commission; the making of findings of fact or conclusions of law; the filing of exceptions or oral argument before the Commission and all other and further procedure before the hearing examiner and the Commission to which respondent may be entitled under the Federal Trade Commission Act or the Rules of Practice of the Commission.

Respondent further agrees in said stipulation that the order hereinafter entered shall have the same force and effect as if made after a full hearing, presentation of evidence and findings and conclusions thereon and specifically waives any and all right, power or privilege to challenge or contest the validity of the order entered in accordance with the stipulation. Said stipulation further provides that it, together with the complaint, may be used in construing the terms of the aforementioned order, which order may be altered, modified or set aside in a manner provided by statute for the orders of the Commission and said stipulation further provides that it is subject to approval in accordance with Rules V and XXII (presently Secs. 3.21 and 3.25) of the Commission's Rules of Practice and that said order shall have no force and effect unless and until it becomes the order of the Commission.

On the basis of the foregoing, the undersigned hearing examiner concludes that this proceeding is in the public interest, that the stipulation forms an appropriate disposition of the proceeding and in conformity with the action contemplated and agreed upon by such stipulation makes the following order:

ORDER

It is ordered, That respondent, William Bogolub, an individual doing business as Fabricon Company, or under any other name, his agents, representatives and employees, directly or through any corporate or other device in connection with the offering for sale, sale and distribution of courses of instruction in reweaving in commerce as

"commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing directly or by implication:

(a) That it is easy to learn reweaving, or that one can become an expert reweaver by taking respondent's course of instruction, unless it is restricted to the patch or overlay method of reweaving and unless it is disclosed that anyone taking said course of instructions must have normal use of hands, good eyesight with or without glasses, and is temperamentally disposed to learn reweaving.

(b) That opportunities for employment as a reweaver are greater than they are in fact.

(c) That the typical or potential earnings for persons completing respondent's course of instruction are greater than they are in fact.

(d) That respondent's course of instruction has been approved by any number of the States of the United States unless such is the fact.

2. Using the name "Fabricon Invisible Reweavers Guild" or any other name of similar import to designate, describe or refer to any organization of reweavers not composed of persons qualified to do commercial reweaving and which organization is not operated by its members for their mutual aid and benefit.

DECISION OF THE COMMISSION AND ORDER TO FILE REPORT OF COMPLIANCE

Pursuant to Sec. 3.21 of the Commission's Rules of Practice, the initial decision of the hearing examiner shall, on the 6th day of July, 1955, become the decision of the Commission; and, accordingly:

It is ordered, That the respondent herein shall, within sixty (60) days after service upon it of this order, file with the Commission a report in writing setting forth in detail the manner and form in which it has complied with the order to cease and desist.

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IN THE MATTER OF

MORRIS FELDMAN ET AL. DOING BUSINESS AS PARISIAN FUR COMPANY

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

Docket 6301. Complaint, Feb. 25, 1955—Decision, July 7, 1955

Consent order requiring furriers in Dallas, Tex., to cease violating the Fur Products Labeling Act through failing to label and invoice fur products as required and through misrepresenting in advertising the composition, country or origin, and prices of their products, and failing to keep adequate records.

Before *Mr. Everett F. Haycraft*, hearing examiner.
Mr. John J. McNally and *Mr. Joseph Callaway* for the Commission.
Mr. Morris I. Jaffe, of Dallas, Tex., for respondents.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Fur Products Labeling Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Morris Feldman, Harry Feldman, David Feldman and Lillian Feldman, individually and as copartners doing business as Parisian Fur Company, hereinafter referred to as respondents, have violated the provisions of said Acts, and the Rules and Regulations promulgated under the Fur Products Labeling Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondents, Morris Feldman, Harry Feldman, David Feldman and Lillian Feldman, are individuals and copartners doing business as Parisian Fur Company, with their office and principal place of business located at 4107 Bryan Street, Dallas, Texas.

PAR. 2. Subsequent to the effective date of the Fur Products Labeling Act on August 9, 1952, respondents have been, and are now, engaged in the introduction into commerce, and in the sale, advertising, and offering for sale in commerce, and in the transportation and distribution in commerce, of fur products, and have sold, advertised, offered for sale, transported and distributed fur products which have been made in whole or in part of fur which had been shipped and received in commerce, as "commerce," "fur," and "fur products" are defined in the Fur Products Labeling Act.

PAR. 3. Certain of said fur products were misbranded in that they were not labeled as required under the provisions of Section 4 (2) of the Fur Products Labeling Act and in the manner and form prescribed by the Rules and Regulations promulgated thereunder.

PAR. 4. Certain of said fur products were misbranded, in violation of the Fur Products Labeling Act in that they were not labeled in accordance with the Rules and Regulations promulgated thereunder in the following respects:

(a) Required information was set forth on labels in abbreviated form, in violation of Rule 4 of the aforesaid Rules and Regulations;

(b) The term "fur origin" did not precede the name of the country of origin on labels as part of the required information, in violation of Rule 12 (e) of the aforesaid Rules and Regulations;

(c) Required information was mingled with non-required information on labels, in violation of Rule 29 (a) of the aforesaid Rules and Regulations;

(d) Required information was set forth in handwriting on labels, in violation of Rule 29 (b) of the aforesaid Rules and Regulations;

(e) Respondents failed to set forth on labels the required item number of such fur products in violation of Rule 40 of the aforesaid Rules and Regulations.

PAR. 5. Certain of said fur products were falsely and deceptively invoiced in that they were not invoiced as required under the provisions of Section 5 (b) (1) of the Fur Products Labeling Act and in the manner and form prescribed by the Rules and Regulations promulgated thereunder.

PAR. 6. Certain of said fur products were falsely and deceptively invoiced, in violation of the Fur Products Labeling Act, in that they were not invoiced in accordance with the Rules and Regulations promulgated thereunder in that:

(a) Required information was set forth on invoice in abbreviated form in violation of Rule 4 of the aforesaid Rules and Regulations;

(b) Respondents failed to disclose the required item number on invoices in violation of Rule 40 of the aforesaid Rules and Regulations.

PAR. 7. Certain of said fur products were falsely and deceptively advertised, in violation of the Fur Products Labeling Act, in that respondents caused the dissemination in commerce, as "commerce" is defined in said Act, of certain advertisements concerning said fur products, by means of newspapers and by various other means, which advertisements were not in accordance with the provisions of Section 5 (a) of the Fur Products Labeling Act, and of the Rules and Regulations promulgated under said Act, and which advertisements

were intended to aid and did aid, promote and assist, directly or indirectly, in the sale and offering for sale of said fur products.

PAR. 8. Among and including the advertisements as aforesaid, but not limited thereto, were advertisements of respondents which appeared in issues of the "Dallas Times Herald" and the "Dallas Morning News," papers having wide circulation in the State of Texas and other States of the United States.

By means of the aforesaid advertisements and through others of the same import and meaning, not specifically referred to herein, respondents falsely and deceptively:

(a) Failed to disclose that the fur products were composed in whole or in substantial part of paws, tails, bellies, or waste fur, when such was the fact, in violation of Section 5 (a) (4) of the Fur Products Labeling Act;

(b) Failed to disclose the name of the country of origin of any imported fur contained in such fur products, in violation of Section 5 (a) (6) of the Fur Products Labeling Act;

(c) Misrepresented prices of fur products as having been reduced from regular or usual prices, where the so-called regular or usual prices were in fact fictitious, in that they were not the prices at which said merchandise was usually sold by respondents, in the recent regular course of their business, in violation of Rule 44 (a) of the aforesaid Rules and Regulations;

(d) Misrepresented by means of comparative prices and other statements as to "value" not based on current market values, the amount of savings to be effectuated by purchasers of said fur products, in violation of Rule 44 (b) and (c) of the aforesaid Rules and Regulations.

Respondents in making the pricing claims and representations referred to in subparagraphs (c) and (d) hereof, failed to maintain full and adequate records disclosing the facts upon which such claims and representations were purportedly based, in violation of Rule 44 (e) of said Rules and Regulations.

PAR. 9. The aforesaid acts and practices of respondents, as herein alleged, were in violation of the Fur Products Labeling Act, and the Rules and Regulations promulgated thereunder, and constituted unfair and deceptive acts and practices in commerce under the Federal Trade Commission Act.

INITIAL DECISION BY EVERETT F. HAYCRAFT, HEARING EXAMINER

The Federal Trade Commission issued its complaint against the above-named respondents on February 25, 1955, charging them with the use of unfair methods of competition and unfair acts and practices

in commerce, in violation of the provisions of the Federal Trade Commission Act, the Fur Products Labeling Act, and the Rules and Regulations promulgated under the Fur Products Labeling Act. After being duly served with said complaint and after answering said complaint, the respondents entered into a stipulation with counsel supporting the complaint, dated May 5, 1955, providing for the entry of a consent order disposing of all the issues in this proceeding. Said stipulation has been submitted to the above-named hearing examiner, heretofore duly designated by the Commission, for his consideration in accordance with Rule V of the Commission's Rules of Practice.

Respondents, pursuant to the aforesaid stipulation, have admitted all the jurisdictional allegations of the complaint and agreed that the record herein may be taken as if the Commission had made findings of jurisdictional facts in accordance with such allegations. Said stipulation further provides that the answer heretofore filed in this proceeding by respondents be withdrawn and that all parties expressly waive a hearing before the hearing examiner or the Commission, and all further and other procedure to which the respondents may be entitled under the Federal Trade Commission Act or the Rules of Practice of the Commission. Respondents have also agreed that the order to cease and desist issued in accordance with said stipulation shall have the same force and effect as if made after a full hearing, and specifically waive any and all right, power, or privilege to challenge or contest the validity of said order. It has been further stipulated and agreed that the complaint herein may be used in construing the terms of the order provided for in said stipulation; that the signing of said stipulation is for settlement purposes only and does not constitute an admission by respondents that they have violated the law as alleged in the complaint; that said stipulation is subject to approval in accordance with Rules V and XXII of the Commission's Rules of Practice, and that said order shall have no force and effect unless and until it becomes the order of the Commission.

This proceeding having now come on for final consideration by the hearing examiner on the complaint and the aforesaid stipulation for consent order, and it appearing that said stipulation provides for an appropriate disposition of this proceeding, the same is hereby accepted and ordered filed as part of the record herein by the hearing examiner, who allows the respondents to withdraw their said answer and makes the following findings, for jurisdictional purposes, and order:

1. Respondents Morris Feldman, Harry Feldman, David Feldman and Lillian Feldman are individuals and copartners doing business

as Parisian Fur Company, with their office and principal place of business located at 4107 Bryan Street, Dallas, Texas.

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

ORDER

It is ordered, That respondents Morris Feldman, Harry Feldman, David Feldman and Lillian Feldman, individually and as copartners doing business as Parisian Fur Company, or under any other trade name, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction into commerce, or the sale, advertising, or offering for sale in commerce, or the transportation or distribution in commerce, of any fur product, or in connection with the sale, advertising, offering for sale, transportation, or distribution of any fur product which is made in whole or in part of fur which has been shipped and received in commerce, as "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act, do forthwith cease and desist from:

A. Misbranding fur products by:

1. Failing to affix labels to fur products showing:

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

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

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

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

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

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

2. Setting forth on labels attached to fur products:

(a) Required information in abbreviated form or in handwriting;

(b) Non-required information mingled with required information.

3. Failing to show on labels attached to fur products, made in whole or in part of imported fur, the term "fur origin," preceding the country of origin, on said labels, as required by Rule 12 (e) of the aforesaid Rules and Regulations.

4. Failing to set forth on labels attached to fur products an item number or mark assigned to such products.

B. Falsely or deceptively invoicing fur products by:

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

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

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

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

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

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

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

2. Setting forth required information in abbreviated form.

3. Failing to set forth on invoices pertaining to fur products an item number or mark assigned to such products.

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

1. Fails to disclose:

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

(b) The country of origin of imported furs as required by the Fur Products Labeling Act or in the manner and form permitted by Rule 38 (b) of the Rules and Regulations promulgated thereunder.

2. Represents, directly or by implication:

(a) That the regular or usual price of any fur product is any amount which is in excess of the price at which the respondents have usually and customarily sold such products in the recent regular course of their business;

(b) That a sale price enables purchasers of fur products to effectuate any savings in excess of the difference between the said price and the price at which comparable products were sold by respondents during the time specified or, if no time is specified, in excess of the difference between said price and the current price at which comparable products are sold by respondents.

3. Making pricing claims or representations of the type referred to in paragraph C (2) (a) and (b) above, unless there is maintained by respondents an adequate record disclosing the facts upon which such claims or representation are based.

DECISION OF THE COMMISSION AND ORDER TO FILE REPORT OF COMPLIANCE

Pursuant to Sec. 3.21 of the Commission's Rules of Practice, the initial decision of the hearing examiner shall, on the 7th day of July, 1955, become the decision of the Commission; and, accordingly:

It is ordered, That the respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with the order to cease and desist.

IN THE MATTER OF

STANLEY L. ROSE ET AL. DOING BUSINESS AS SEW-EZY MACHINE COMPANY, ETC.

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

Docket 6295. Complaint, Feb. 18, 1955—Decision, July 8, 1955

Consent order requiring a retailer in Hillside, Md., to cease "bait" advertising of his new and reconditioned vacuum cleaners and sewing machines for the purpose of obtaining leads to prospects, and to cease representing falsely guarantees of his products, makers of his new vacuum cleaners, and the length of his time in business.

Before *Mr. James A. Purcell*, hearing examiner.
Mr. Michael J. Vitale for the Commission.
Mr. Jack Pelitz, of Washington, D. C., for respondents.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that Stanley L. Rose and Ruth Rose, individuals, trading and doing business as Sew-Ezy Machine Company, Sew-Ezy Sewing Machine Company, Sew-Ezy Vacuum Cleaner Company and Sew-Ezy Sewing Machine and Vacuum Cleaner Company, hereinafter referred to as respondents, have violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondents Stanley L. Rose and Ruth Rose, are individuals trading and doing business as Sew-Ezy Machine Company, Sew-Ezy Sewing Machine Company, Sew-Ezy Vacuum Cleaner Company, and Sew-Ezy Sewing Machine and Vacuum Cleaner Company. Said respondents, Stanley L. Rose and Ruth Rose, cooperate and act together in performing the acts and practices hereinafter set forth. Respondents' office and principal place of business is located at 5156 Benning Road, S. E., Hillside, Maryland.

PAR. 2. The respondents are now, and for more than one year last past have been, engaged in the sale and distribution of vacuum cleaners and sewing machines. In the course and conduct of their said business respondents have caused their vacuum cleaners and sewing

machines when sold, to be transported from their place of business at the aforesaid address to purchasers thereof located in the District of Columbia and in various States of the United States. They maintain, and at at all times mentioned herein have maintained, a course of trade in said products in commerce among and between various States of the United States and the District of Columbia. Their volume of trade in said commerce has been and is substantial.

PAR. 3. At all times mentioned herein respondents have been, and are now, in direct and substantial competition with corporations, firms and other individuals engaged in the sale and distribution of vacuum cleaners and sewing machines in commerce.

PAR. 4. In the course and conduct of their business, as aforesaid, and for the purpose of inducing the purchase of their vacuum cleaners and sewing machines, the respondents have engaged in extensive advertising in newspapers and on radio. Among and typical of the statements and representations made in such advertising relating to their said products are the following:

SEW-EZY Vacuum Cleaner Co.
5156 Benning Rd., S. E. JO. 8–5400
Large Size Rebuilt ELECTROLUX
but every one runs like new!

(Picture of vacuum cleaner) with attachments

This is the Famous Model 12 Vacuum
Fully Guaranteed Special Purchase
Call JO. 8–5400
FOR FREE HOME DEMONSTRATION $9.50
Call ST. 3–4000 after 6 P. M.
OPEN MON., WED., FRI., 'TIL 9
For Your Shopping Convenience
SEW-EZY VACUUM CLEANER CO.
5156 Benning Rd., S. E. JO. 8–5400
FAMOUS MAKE VACUUM CLEANER
Save over 50% Summer Special

(Picture of vacuum cleaner) with attachments

Absolutely Brand New 1954 Model
Fully Guaranteed Special Purchase
Call JO. 8–5400
For Free Home Demonstration
Limited Quantity $16.50
Reserve Yours NOW
Call ST. 3–4000 after 6 P. M.
OPEN MON., WED., FRI., 'TIL 9
For Your Shopping Convenience

Here's what you get for the total price of $13.50. You get a *New* famous make vacuum cleaner. You get the complete Goodhousekeeping set of attachments, the floor brush, floor tool, rug tool, upholstery tool, crevice tool, dusting brush, paint sprayer and demothing attachment *free* with your vacuum cleaner. Plus while they last you'll get free with your nationally famous vacuum cleaner, a 24 piece set of silverware, 6 knives, 6 forks, 6 tablespoons, 6 teaspoons, all free with your vacuum cleaner. Remember only 20 people daily can be accommodated on this outstanding offer and the supply is limited so you must hurry. Here's what to do—pick up your phone and call Overlook 3-3000, Overlook 3-3000, leave your name and address and phone number, and at your convenience a Sew-Ezy Company representative will come to your home to fully demonstrate this sensational vacuum cleaner. He'll clean your rugs, your closets, your blinds, anything that you'd like for him to do. He'll *show* you what a wonderful buy this vacuum cleaner is. You inspect it, you look it over, you try it, and if you like it, and want it, you make just a small down payment, and keep the vacuum cleaner. * * *

The Sew-Ezy Company handles the finest vacuum cleaners in the world. Electrolux, General Electric, Westinghouse, Lewyt and Premiers. Just arrived at the Sew-Ezy Company is a full shipment of new vacuum cleaners. We are overloaded, and will have to get rid of these vacuum cleaners. These vacs must be sold and the Sew-Ezy Company is reducing the price of a famous make vacuum cleaner down to a low, low $13.50 * * *. If you like a free home trial dial now Overlook 3-3000, Overlook 3-3000. We can save you up to $100, up to a hundred dollars. Try before you buy, that's been the Sew-Ezy Motto for 25 years. Try before you buy. This is definitely a famous make vacuum cleaner, advertised nationally and reduced just in time for fall cleaning to Thirteen and a half dollars. Also as a part of our get acquainted offer, we'll send out free a parakeet for the children or for yourselves a lovely 24 piece set of silverware. We have mobile units to service you whether you live down in Fredericksburg or out at Hagerstown, Maryland or live right here in Washington, D. C.

Announcing a Sew-Ezy rebuilt Electrolux Vacuum Cleaner for only nine dollars and fifty cents and every one runs like new. * * * This is the famous Model 12 Vacuum. The large size Electrolux with all parts guaranteed. * * * The price has been brought down for clearance—down to $9.50, saving you many, many dollars on the regular catalog listing. Here are Electrolux Vacuum Cleaners rebuilt by the Sew-Ezy Company experts using all brand new parts—guaranteed. * * * What makes this a wonderful buy for you housewives or Government girls—is the goodhousekeeping set of attachments—the floor buffer—the demother, the paint sprayer, the crevice tool for hard to get at places—many other attachments—this complete set of tools will be yours free along with the Electrolux. * * *

Just arrived at the Sew-Ezy Company. Just arrived at the Sew-Ezy Company are some wonderful Singer Sewing machines. These Singers are all guaranteed, rebuilt by the Sew-Ezy experts with brand new parts. * * * You can sew fall clothes for the kiddies going back to school or for the pre-school children * * *. We'll come to your apartment, place it there for you to use and you can sew garments, clothes, anything under the sun free of charge as part of your free home trial offer. For 25 years, our motto has been Try before you buy, and Madam, if you don't know how to sew don't be ashamed of that for one moment because our polite, courteous Sew-Ezy representative will show

you how to sew. Just dial Overlook 3-3000, the price is only $18.50 * * *. Also free to you will be a lovely and entertaining parakeet bird for the children or a set of 24 piece silverware absolutely free because we are getting acquainted. * * *

PAR. 5. By and through the use of the aforesaid statements and representations, and others of similar import, but not specifically set out herein, respondents represented, directly or by implication:

1. That they were making a bona fide offer to sell new and reconditioned vacuum cleaners and new and reconditioned sewing machines at the low prices specified in the advertising.

2. That their products were guaranteed.

3. That they have been engaged in their present business of selling vacuum cleaners and sewing machines for 25 years.

4. That the new vacuum cleaners offered for sale are of a famous make.

PAR. 6. The aforesaid statements and representations were false, deceptive, and misleading. In truth and in fact:

1. The said cleaners and sewing machines would not do a satisfactory job of cleaning and sewing, respectively, and the said offers were not genuine or bona fide offers in that respondents did not intend to sell the cleaners and sewing machines advertised, but were made for the purpose of obtaining leads and information as to the persons interested in the purchase of vacuum cleaners and sewing machines. After obtaining such leads, through response to said advertisements, respondents or their salesmen, called upon the persons so responding at their homes or waited upon them at respondents' place of business and, in many instances, demonstrated such cleaners and sewing machines, well knowing that their performance would be unsatisfactory; made an offer to sell the advertised cleaners and sewing machines, but in many instances belittled and disparaged such cleaners and sewing machines, and attempted to, and frequently did, sell different and much more expensive vacuum cleaners and sewing machines to such persons.

2. Respondents' use of the word "guaranteed" without disclosing the terms and conditions of the guarantee is confusing and misleading to the purchasing public.

3. Respondents have been engaged in their present business of selling vacuum cleaners and sewing machines for substantially less than 25 years.

4. The vacuum cleaners represented as being of a famous make in the aforesaid advertisements are not of a famous make.

PAR. 7. The use by the respondents of the aforesaid false, deceptive, and misleading statements, representations, and practices had the tendency and capacity to mislead and deceive a substantial por-

tion of the purchasing public into the erroneous and mistaken belief that such statements and representations were true and, because of such statements, representations, and practices, to purchase substantial quantities of respondents' vacuum cleaners and sewing machines, particularly their more expensive vacuum cleaners and sewing machines. As a result thereof, substantial trade in commerce has been unfairly diverted to respondents from their competitors and substantial injury has been and is being done to competition in commerce.

PAR. 8. The aforesaid acts and practices as herein alleged, are all to the prejudice and injury of the public and of respondents' competitors and constitute unfair and deceptive acts and practices and unfair methods of competition in commerce within the intent and meaning of the Federal Trade Commission Act.

INITIAL DECISION BY JAMES A. PURCELL, HEARING EXAMINER

1. The Federal Trade Commission on February 18, 1955, issued its complaint in this proceeding charging respondents with specific unfair and deceptive acts and practices and unfair methods of competition in commerce in violation of the Federal Trade Commission Act, as will with particularity appear by reference to said complaint. On March 16, 1955, respondents filed answer in form of a general denial of the allegations of the complaint, and specifically, *inter alia* denying that respondent, Ruth Rose, is a co-partner or otherwise connected with the described business other than to assist respondent, Stanley L. Rose (her husband), in the business.

2. Thereafter, on May 21, 1955, respondent, Stanley L. Rose, entered into a Stipulation or Agreement for Consent Order with counsel supporting the complaint, all in conformity with Rule No. 3.25 of the Commission's Rules of Practice. Thereafter said Agreement was submitted to the hearing examiner who, being of opinion that said Agreement effectually disposes of all of the issues herein, hereby accepts same with the proviso that this Initial Decision shall not become a part of the official record of this proceeding unless and until it becomes the official decision of the Commission.

3. The Agreement recites that respondent, Stanley L. Rose, during the period charged, has been engaged in, and trading under the names of Sew-Ezy Machine Company, Sew-Ezy Sewing Machine Company, Sew-Ezy Vacuum Cleaner Company, and Sew-Ezy Sewing Machine and Vacuum Cleaner Company with his office and principal place of business located at No. 5156 Benning Road, S. E., Hillside, Maryland. It will be noted that respondent, Ruth Rose, is not a party

signatory to said Agreement, with respect to whom there accompanied said Agreement an affidavit by her to the effect that she is not associated or connected with her husband, Stanley L. Rose as owner or copartner in his business undertaking; that she is not engaged in the sale and distribution of sewing machines and vacuum cleaners, and renders only such assistance to her husband in his business as she "possibly can and as a wife should."

4. All parties move that the answer filed on March 16, 1955, be withdrawn of record and held for naught, which motion is hereby granted.

5. By said agreement respondent specifically admits all of the jurisdictional allegations set forth in the complaint and agrees that the record herein may be taken as though the hearing examiner or the Commission had made findings of jurisdictional facts in accordance with such allegations; that the order therein agreed upon shall have the same force and effect as though made upon a full hearing, presentation of evidence and findings and conclusions based thereon, specifically waiving any and all right, power or privilege to contest the validity of said order and that the complaint herein may be used in constructing the terms of said order, which order may be altered, modified or set aside in the manner provided by statute affecting orders of the Commission.

6. All of the parties to said Agreement waived a hearing before a hearing examiner or the Commission; the making of findings of fact or conclusions of law by the hearing examiner or the Commission; the filing of exceptions and oral argument before the Commission; and all further and other procedure before the hearing examiner and the Commission to which the respondent might otherwise, but for the execution of said Agreement, be entitled under the Federal Trade Commission Act or the Rules of Practice of the Commission; and further, that said Agreement, together with the complaint, shall constitute the entire record herein. The Agreement further provided that same was executed for settlement purposes only and does not constitute an admission by the respondent that he has violated the law as alleged in the complaint.

7. On the basis of the representations contained in the affidavit of Ruth Rose, and nothing to the contrary appearing of record, the complaint, as to her, will be dismissed.

8. Pursuant to the intent of said Agreement and of the facts therein agreed upon, and that the order embodied therein is in accord with the order *nisi* accompanying the complaint excepting only as to the named respondent, Ruth Rose, the hearing examiner, being of opinion

that the order agreed upon will effectually safeguard the public interest; finds that this proceeding is in the public interest and issues the following order:

ORDER

It is ordered, That respondent Stanley L. Rose, an individual trading and doing business as Sew-Ezy Machine Company, Sew-Ezy Sewing Machine Company, Sew-Ezy Vacuum Cleaner Company, and Sew-Ezy Sewing Machine and Vacuum Cleaner Company, or trading and doing business under any other name or names, and respondent's representatives, agents and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of sewing machines and vacuum cleaners or other merchandise in commerce as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or by implication, that certain merchandise is offered for sale when such offer is not a bona fide offer to sell the merchandise so offered;

2. Representing, directly or by implication, that any merchandise sold or offered for sale by respondents is guaranteed, unless the nature and extent of the guarantee and the manner in which the guarantor will perform thereunder are clearly and conspicuously disclosed;

3. Representing directly or by implication, that he has been engaged in his present business of selling vacuum cleaners or sewing machines any number of years in excess of that in which he has actually been engaged;

4. Representing, directly or by implication, that any merchandise being offered for sale is of a famous make when such is not the case.

Further ordered, That the complaint, insofar as same affects the named respondent, Ruth Rose, be, and the same is hereby, dismissed.

DECISION OF THE COMMISSION AND ORDER TO FILE REPORT OF COMPLIANCE

Pursuant to Section 3.21 of the Commission's Rules of Practice, the initial decision of the hearing examiner shall, on the 8th day of July, 1955, become the decision of the Commission; and, accordingly:

It is ordered, That the respondent, Stanley L. Rose, an individual, trading and doing business as Sew-Ezy Machine Company, Sew-Ezy Sewing Machine Company, Sew-Ezy Vacuum Cleaner Company and Sew-Ezy Sewing Machine and Vacuum Cleaner Company, shall within sixty (60) days after service upon him of this order, file with the Commission a report in writing setting forth in detail the manner and form in which he has complied with the order to cease and desist.

IN THE MATTER OF

WALTER E. SCHWANHAUSSER ET AL. DOING BUSINESS AS CHARLES BESELER COMPANY

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

Docket 6328. Complaint, Apr. 15, 1955—Decision, July 8, 1955

Consent order requiring a manufacturer in Newark, N. J., to cease unlawfully extending the "fair trade" laws by its sales policies and resale price maintenance contracts with dealer-purchasers of its projectors and accessories—sold primarily to educational institutions and to large industrial companies and the Armed Forces for use in training programs—which it had done by restrictions as to trade-ins, including the amount a dealer could allow and the articles he could accept; by requiring dealers to observe the terms of its "fair trade" contracts in making sales to the U. S. Government and its agencies even though such sales were specifically excepted from the contracts, and in sales to political subdivisions of States which forbid such price-fixing; by attempting to enforce its "fair trade" prices in non-fair-trading areas; and by illegally penalizing recalcitrant dealers.

Before *Mr. Frank Hier*, hearing examiner.

Mr. Fletcher G. Cohn for the Commission.

Waller and Waller, of Chicago, Ill., for respondents.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that the parties Walter E. Schwanhausser, Raymond N. Haas and H. Herbert Myers, individually and as partners doing business under the trade name of Charles Beseler Company, hereinafter referred to as "respondents," have violated the provisions of Section 5 of the Federal Trade Commission Act, and it appearing to the Commission that a proceeding by it in respect thereto would be in the public interest, hereby issues its complaint, stating its charges in this respect as follows:

PARAGRAPH 1. Respondents in 1943 formed the partnership now doing business under the name of Charles Beseler Company, which has its office and principal place of business at 60 Badger Avenue, Newark, New Jersey.

PAR. 2. Respondents, acting by, through and as the Charles Beseler Company, hereinafter referred to as the "Company," are engaged in the manufacture and distribution of projectors and accessories, which are primarily sold to educational institutions and large industrial companies for use in training programs. The principal products

which the Company manufactures bear the trade name of "Vu-Lyte," for opaque projectors, and "Vu-Graph," for overhead projectors.

The Company's products are sold throughout the world. The total volume of business for the calendar year 1952 was in excess of $2,000,000. The Company employs four salesmen who call on customers and potential customers in all of the 48 States of the United States and the District of Columbia.

Some of the Company's products are handled by camera stores on a retail basis, but the greater part of the Company's business is done through approximately 125 dealers who are engaged in the sale of educational supplies. A large part of the Company's total volume of business consists of sales to the Armed Services of the Government, where these products are used in training programs.

PAR. 3. The respondents, acting by, through and as the Company, in the course and conduct of their business, in selling their products to various dealers throughout the country, ship or cause same to be shipped from the place of manufacture of said products to said dealers at locations in various States of the United States other than the State of manufacture, and in the District of Columbia.

The respondents, acting in the aforesaid manner, frequently ship or cause to be shipped the products manufactured by the Company from the place of manufacture directly to the ultimate purchasers thereof, located in States of the United States other than the State of origin of such shipments.

Respondents, in the course and conduct of their business as hereinbefore described, have been and are now engaged in commerce, as that term is defined and understood in the Federal Trade Commission Act, and there has been a current of trade in such commerce, in the products manufactured by the respondents, between and among the various States of the United States and in the District of Columbia.

PAR. 4. In the course and conduct of their business, respondents, acting by, through and as the Company, are in competition in "commerce," as same is defined by the Federal Trade Commission Act, with other manufacturers of projectors and accessories in selling and attempting to sell same to dealers of said products located in the various States of the United States and in the District of Columbia.

Some of the approximately 125 dealers and also some of the camera stores to whom the respondents, in the manner heretofore described, sell the products manufactured by respondents, for resale, frequently are in competition one with the other in selling and attempting to resell such products to purchasers and prospective purchasers thereof, in such commerce.

PAR. 5. In the course and conduct of the business of the Company, it enters into so-called "fair trade" contracts or agreements with its dealers, in those States wherein same are legal, whereby it fixes and maintains the prices and terms of sale at which its various trade marked or branded products, such as its "Vu-Lyte" and "Vu-Graph" projectors, are to be resold by said dealers.

As a supplement, adjunct to, and part of such "fair trade" contracts or agreements, the Company has those of its dealers, who are bound by such contracts or agreements, to agree to and maintain the sales policy of the Company in reselling the aforesaid products of the Company.

Included in such a sales policy, to which the Company requires agreement and maintenance by those dealers who enter into such "fair trade" contracts or agreements, are the following provisions regarding trade-ins:

1. Trade-in values must be realistic as to the actual value of the incoming equipment, or it will be considered by the Charles Beseler Company as an extra discount.

2. To determine actual value, there must be a 40% mark-up differential between the allowance to be made (plus the cost of putting the used machine in selling condition) and the estimated selling price.

Effective June 1, 1954, the Company modified its "Retailer Fair Trade Agreement" by including as a part thereof a "Schedule of Maximum Discounts Allowable from Retail List Prices," whereby it specifies the particular equipment which may be received by the dealers, bound by such agreements, as trade-ins on the resale of the products covered by such agreements, as well as the maximum amounts which may be allowed by said dealers on such trade-ins.

PAR. 6. In the course and conduct of its business, the Company, as a supplement, adjunct to, and part of the aforesaid described "fair trade" contracts or agreements with its dealers, has enforced as another of its sales policies the requirement that if any dealer, bound by such "fair trade" contracts or agreements, violates any of the policies of the Company, as spelled out either in pronouncements or through provisions in such "fair trade" contracts or agreements pertaining to trade-ins," said dealer shall thereby forfeit his right to resell the Company's products.

PAR. 7. In the course and conduct of its business, the Company, as a supplement and adjunct to its "fair trade" contracts or agreements, requires and compels, under penalty of refusal to make further sales to him, any dealer, who is bound by such a contract or agreement, who violates the terms thereof or any of the trade-in policies of the Company, to pay to the Company the gross profit he made from the sale

involving such a violation; that is, he is required to pay to the Company all amounts which he received from the purchaser in excess of what he paid the Company for the product or products thus sold.

Furthermore, the Company, in the course and conduct of its business, in the same manner requires its dealers, who are bound by such "fair trade" contracts or agreements and who violate same by reselling the products covered thereby for amounts less than those specified in such contracts or agreements, to pay to the Company, in the same manner, the gross profits received from the resale of the product or products involved.

PAR. 8. The Company, in the course and conduct of its business, when it receives the aforesaid amounts from the dealer who violates the Company's sales policies or "fair trade" contracts or agreements by either of the afore-described methods, remits same to the dealer who competed with the recalcitrant dealer in attempting to make the resale involving said remitted amounts; if there be more than one dealer who competed with the recalcitrant dealer in such transactions, then said amounts are prorated among such competing dealers.

PAR. 9. The Company, in the course and conduct of its business, as a supplement and adjunct to its "fair trade" contracts or agreements, has enforced still another sales policy whereby if a dealer who violates the Company's sales policies or "fair trade" agreements, in the manner herein described, refuses, or fails to remit to the Company the amounts involved through such violation, said dealer forfeits its right to resell the Company's products.

PAR. 10. Respondents, acting by, through and as the Company, have engaged in, and are engaging in, the following illegal acts and practices not permitted or authorized by either federal or State statutes granting immunization to resale price maintenance contracts or agreements pertaining to trade marked or branded products:

1. Arbitrarily, by their sales policies or through the provisions in their "fair trade" contracts or agreements, as hereinbefore described, limiting the amount a dealer, who is bound by such a resale price contract or agreement, can allow for equipment which he receives as a trade-in on the resale of products manufactured by the respondents, which are covered by such resale contracts or agreements;

2. Arbitrarily, by their sales policies or the provisions in their "fair trade" contracts or agreements, as hereinbefore described, restricting the articles or equipment which may be accepted as a trade-in by such dealer in reselling the products manufactured by respondents, which are covered by such contracts or agreements;

3. Requiring the dealers, who are bound by such contracts or agreements, to return to the Company, in the manner hereinbefore de-

scribed, the gross profits such dealers received through resales involving violations of the Company's sales policies or provisions in its "fair trade" contracts or agreements;

4. Depriving the dealers, whom the Company charges with violating the provisions of its "fair trade" contracts or agreements, or sales policies, the rights, to which such dealers would otherwise be entitled to, of defending themselves against charges involving such violation;

5. Arbitrarily remitting to the dealer or dealers, who competed with the dealer whom the Company accused of violating the provisions of its sales policies or "fair trade" contracts or agreements, the amount the Company secured from the recalcitrant dealer;

6. Requiring the dealers to observe the terms of the Company's "fair trade" contracts or agreements in making sales to "the government of the United States, or to any U. S. governmental bureaus or agencies," even though such contracts or agreements specifically state that they are not to apply to such sales;

7. Requiring dealers to observe the terms of the Company's "fair trade" contracts in making sales to political subdivisions or agencies of States, which by statute, such as New York and North Carolina, or by other legal methods, such as Minnesota, forbid the fixing of resale prices in such instances; and

8. Attempting to have dealers in the District of Columbia and the State of Missouri, where there is no authority for "fair trade," to maintain the "fair trade" prices fixed by the Company.

PAR. 11. The purpose and effect of the aforesaid acts, practices and policies of the respondents, as hereinbefore described and alleged, have been, and are, illegally to fix and maintain the resale prices and terms of sale of respondents' products, in a manner and by methods not permitted by either applicable federal or State statutes; to tend to unduly hinder and restrain competition in commerce, as "commerce" is defined by the Federal Trade Commission Act, between and among respondents and other manufacturers of projectors and equipment, who do not engage in such illegal acts and practices; to tend to unduly hinder and restrain competition between and among dealers of the Company, with whom it has entered into "fair trade" contracts or agreements, for the resale in such commerce, of branded or trade marked products of respondents, covered by such "fair trade" contracts or agreements; and such acts, practices, and policies, all and singly, are to the prejudice and the injury of the public and constitute unfair acts and practices and unfair methods of competition in commerce within the intent and meaning of Section 5 of the Federal Trade Commission Act.

INITIAL DECISION BY FRANK HIER, HEARING EXAMINER

Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission on April 15, 1955, issued and subsequently served its complaint on respondents herein, who, as partners doing business under the trade name of Charles Beseler Company, formerly had their office and place of business at 60 Badger Avenue, Newark, New Jersey, but now have their office and principal place of business at 219 South 18th Street, East Orange, New Jersey. They are engaged in the manufacture and distribution of projectors and accessories. On May 25, 1955, there was submitted to the undersigned hearing examiner an agreement between respondents and counsel in support of the complaint providing for entry of a consent order. By the terms thereof respondents admit all the jurisdictional allegations set forth in the complaint: agree that the record herein may be taken as if the Commission had made findings of jurisdictional facts in accordance with such allegations; expressly waive the filing of answers, a hearing before a hearing examiner or the Commission, the making of findings of fact or conclusions of law by the hearing examiner or the Commission, the filing of exceptions or oral argument before the Commission, and all further and other procedure before the hearing examiner and the Commission to which respondents may be entitled under the Federal Trade Commission Act or the Rules of Practice of the Commission. Respondents further agree that the order hereinafter provided for, shall have the same force and effect as if made after a full hearing, presentation of evidence and findings and conclusions thereon and they specifically waive any and all right, power, or privilege to challenge or contest the validity of of the order provided for in the agreement. Said agreement further provides that it, together with the complaint, shall constitute the entire record herein and shall be filed with the hearing examiner for his consideration in accordance with Section 3.25 (f) of the Commission's Rules of Practice as amended May 21, 1955.

Said agreement further provides that the complaint in this proceeding may be used in construing the terms of the order agreed upon, which order, if adopted, may be altered, modified or set aside in the manner provided by the Federal Trade Commission Act for orders of the Commission. Such agreement further provides that it is subject to approval in accordance with Sections 3.21 and 3.25 (f) of the Commission's Rules of Practice, as amended May 21, 1955, and that said order shall have no force and effect unless and until it becomes the order of the Commission.

Said agreement further provides that it is for settlement purposes only and does not constitute an admission by any respondent that he has violated the law as alleged in the complaint.

On the basis of the foregoing, the undersigned hearing examiner concludes that this proceeding is in the public interest; that it is an appropriate disposition of the proceeding and in conformity with the action contemplated and agreed upon; makes the following order:

ORDER

It is ordered, That Walter E. Schwanhausser, Raymond N. Haas and H. Herbert Myers, individually and as partners doing business in the name of Charles Beseler Company, or in any other name, their agents, representatives and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution in commerce of projectors and accessories, or any related or similar product or products, regardless of the name or names under which the same are sold, do forthwith cease and desist from:

1. Restricting, limiting or attempting to restrict or limit, through or by the use of any sales policy, resale price contract or agreement, or by any other means or method, the amount or amounts which any dealer or other party or parties, to whom they have sold any product or products, may grant or give as a trade-in allowance on the resale of any such product or products;

2. Restricting, limiting, or attempting to restrict or limit, through the use of any sales policy, resale price contract or agreement, or by any other means or method, the type, grade, class, or nature of any article which any dealer or other party or parties, to whom respondents have sold their product or products, may accept for a trade-in allowance on the resale of any such product or products;

3. Enforcing, or attempting to enforce, any resale price maintenance contract or agreement, to which they are parties, by any means or methods other than those provided in statute or statutes legalizing such contracts or agreements;

4. Requiring, or attempting to require, any party or parties, with whom they have entered into any resale price maintenance contract or agreement, to pay them, directly or indirectly, for their benefit or that of anyone else, any amount or amounts, regardless of how calculated, because of any violation of such contract or agreement by such party or parties;

5. Requiring, or attempting to require, any party or parties, to whom respondents have sold any products for the purpose of resale, to pay them, directly or indirectly, for their own benefit or that of

anyone else, any amount or amounts, regardless of how calculated, because of any violation by such party or parties of any sales policy of the respondents relating to prices, discounts, trade-in allowances, or any other subject connected with the resale of any such product;

6. Requiring, or attempting to require, dealers to observe the terms of resale price maintenance contracts or agreements in making resales of any product purchased from the respondents, to any governmental body or agency, where such resale price maintenance is not permitted by statute, other legal methods, or by the terms of such contracts or agreements;

7. Enforcing, or attempting to enforce, by any means or methods not authorized by statute the resale price or terms of sale of any product or products purchased from the respondents.

DECISION OF THE COMMISSION AND ORDER TO FILE REPORT OF COMPLIANCE

Pursuant to Section 3.21 of the Commission's Rules of Practice, the initial decision of the hearing examiner shall, on the 8th day of July, 1955, become the decision of the Commission; and, accordingly:

It is ordered, That the respondents herein shall within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with the order to cease and desist.

IN THE MATTER OF

PAUL A. RAICH

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

Docket 6335. Complaint, Apr. 26, 1955—Decision, July 8, 1955

Consent order requiring a seller in New York City to cease violating the Wool Products Labeling Act by advertising and branding as "Pure Imported Cashmere", etc., blankets which were made entirely of sheep's wool or contained very little Cashmere; and to cease pre-ticketing the blankets with excessive and fictitious prices.

Before *Mr. James A. Purcell*, hearing examiner.

Mr. George E. Steinmetz for the Commission.

Mr. Lester A. Lazarus and *Mr. Frederick E. M. Ballon*, of New York City, for respondent.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Wool Products Labeling Act of 1939, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Paul A. Raich, an individual, hereinafter referred to as the respondent, has violated the provisions of said Acts, and it appearing to the Commission that a proceeding by it with respect to the said Paul A. Raich would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent, Paul A. Raich, during the period running from about September 18, 1953 until March 9, 1954, acted as the president of the corporation incorporated under the laws of the State of New Jersey, known as "Cashmere-Wool, Ltd.". Both Paul A. Raich and the said corporation maintained their offices and their principal place of business at 450 Seventh Avenue, New York, New York, and the said respondent Paul A. Raich now resides at 287 Terhune Avenue, Passaic, New Jersey.

PAR. 2. During all of the times mentioned the said respondent Paul A. Raich directed and controlled the acts, policies, and practices of the said corporation, namely, Cashmere-Wool, Ltd.

PAR. 3. The said corporation, Cashmere-Wool, Ltd., was adjudicated a bankrupt in the District Court of the United States for the District of New Jersey on or about March 9, 1954, and the business of said corporation has since been terminated and all of its assets

since sold and disposed of pursuant to Orders entered by said United States Court.

PAR. 4. Subsequent to the effective date of the Wool Products Labeling Act of 1939, and particularly during the period running from said September 18, 1953, through and until on or about March 9, 1954, the respondent, Paul A. Raich, acting through the said corporate organization known as Cashmere-Wool, Ltd., manufactured for introduction, introduced, sold, transported, distributed, delivered for shipment, and offered for sale in commerce, as "commerce" is defined in said Act, wool products, as "wool products" are defined therein.

PAR. 5. Certain of said wool products were misbranded within the intent and meaning of Section 4 (a) (1) of said Wool Products Labeling Act of 1939 and the Rules and Regulations promulgated thereunder in that they were falsely and deceptively labeled or tagged with respect to the character and amount of the constituent fibers contained therein.

Among such misbranded wool products were blankets labeled or tagged by respondent Paul A. Raich, acting by and through said bankrupt corporation Cashmere-Wool, Ltd., as consisting of "Minimum 90% Pure Iranian Cashmere," "Contains Pure Imported Cashmere," whereas, in truth and in fact said products were composed entirely of wool from the genus sheep or composed of wool of the genus sheep with only small amounts of Cashmere fiber, being the hair or fleece of the Cashmere goat.

PAR. 6. Certain of said wool products described as blankets were misbranded in that they were not stamped, tagged or labeled as required under the provisions of Section 4 (a) (2) of said Wool Products Labeling Act of 1939, and in the manner and form prescribed by the Rules and Regulations promulgated thereunder.

PAR. 7. The acts and practices of the said respondent Paul A. Raich, as hereinafter alleged, were and are in violation of the Wool Products Labeling Act of 1939 and the Rules and Regulations promulgated thereunder, and constitute unfair and deceptive acts and practices in commerce within the meaning and intent of the Federal Trade Commission Act.

PAR. 8. In the course and conduct of the business of said bankrupt corporation, Cashmere-Wool, Ltd., under the direction and control of respondent Paul A. Raich, for the purpose of inducing the purchase of the products manufactured and sold as aforesaid, published in magazines, during December 1953 advertisements containing various statements and representations concerning the products above

referred to. Among and typical of such advertising statements and representations were the following:

One
of the world's
most
luxurious
blankets
For a lifetime of
downy-soft comfort,
there can be nothing
finer than this
treasured blanket in
which rare imported
cashmere* provides
the ultimate in
quality. In 10 lovely
decorator colors,
Mitin mothproofed
for lasting protection.
CASHMERE-WOOL, LTD.
72 x 90, richly
bound on four sides,
gift-boxed. Price: $99.50

For baby, too . . .
in crib size
36 x 50 . . . pink,
blue, or maize.
Price $49.50

Illustration

CASHMERE-WOOL, LTD.
Blanket
Contains Pure Imported Cashmere
U. S. Testing Co.

Seal

*Certified and approved by
United States Testing Co., Inc.
U. S. Testing Co.

Seal

*Certified Quality Control by United States
Testing Co., Inc. minimum content
"90% Iranian Cashmere"
Cashmere-Wool Ltd.,
1127 West Division St.,
Chicago 2, Ill.

PAR. 9. The above and foregoing advertisement was represented in toto in the form of advertising "flyers" or inserts, with the addition at the start there of the words reading "As Advertised in Vogue," and thereafter enclosed in the individual boxes or containers for said blankets and repeated in substance on fold-over paper labels attached to each individual blanket.

PAR. 10. Through the use of the term "Cashmere" together with the statements of the percentage thereof, the respondent Paul A. Raich, acting by and through said corporation, Cashmere-Wool, Ltd., directly and by implication represented that said blankets were composed of at least 90% Cashmere, or of Pure Iranian Cashmere, as the term "Cashmere" is generally understood by a substantial portion of the purchasing public; namely, the hair or fleece of the Cashmere goat. Further, respondent, through the use of the words and figures "Price: $99.50" and "Price: $49.50," represented that such amounts were the prices, at which the blankets to which they refer, were sold by retailers in their usual and regular course of business.

PAR. 11. The said representations were untrue since, in truth and in fact, said blankets were composed entirely of wool of the genus sheep, or composed of wool of the genus sheep with only small amounts of Cashmere fiber, being the hair or fleece of the Cashmere goat. The amounts of $99.50 and $49.50 were fictitious and greatly in excess of the prices at which retailers offered to sell and sold such blankets in their usual and regular course of business. This practice of respondent provides a means and instrumentality by and through which retailers may misrepresent the usual and regular retail price of such blankets.

PAR. 12. The respondent Paul A. Raich, acting by and through the corporation Cashmere-Wool, Ltd., was at all times mentioned herein, in competition, in commerce, with other individuals and with firms and corporations likewise engaged in the sale of blankets.

PAR. 13. The use by said respondent Paul A. Raich, acting by and through said bankrupt and defunct corporation, of said deceptive and misleading statements and representations with respect to said described blankets had the tendency and capacity to mislead a substantial portion of the purchasing public into the erroneous and mistaken belief that said statements and representations were true, and to cause substantial purchases of said blankets because of such erroneous and mistaken belief. As a consequence thereof, substantial trade in commerce was unfairly diverted to the respondent Paul A. Raich and the said corporation through which said respondent operated, from their competitors, with substantial injury being done to competition in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 14. The acts and practices of the said respondent as hereinabove alleged in Paragraphs Eight to Twelve, inclusive, were all to the prejudice and injury of the public and of respondent's competitors, and constitute unfair and deceptive acts and practices and unfair methods of competition, in commerce, within the intent and meaning of the Federal Trade Commission Act.

INITIAL DECISION BY JAMES A. PURCELL, HEARING EXAMINER

1. The Federal Trade Commission on April 26, 1955, issued its complaint in this proceeding charging respondent with violation of the Federal Trade Commission Act and of the Wool Products Labeling Act of 1939, as will more particularly appear by reference to said complaint. On May 24, 1955, respondent entered into a Stipulation or Agreement for Consent Order with counsel supporting the complaint, all in conformity with Rule No. 3.25 of the Commission's Rules of Practice. Thereafter said Agreement was submitted to the hearing examiner who, being of opinion that the Agreement effectually disposes of all of the issues herein, hereby accepts same, with the proviso that this Initial Decision shall not become a part of the official record of this proceeding unless and until it becomes the official decision of the Commission.

2. The Agreement recites that respondent, Paul A. Raich, was, during the period September 18, 1953, to on or about March 9, 1954, the president of Cashmere-Wool, Ltd., a corporation organized under the laws of the State of New Jersey with offices and principal place of business located at No. 450 Seventh Avenue, New York, N. Y., and as president, as aforesaid, directed and controlled the acts, policies and practices of said corporation which form the basis of the complaint herein; that said corporation was duly adjudged bankrupt in the United States District Court for the District of New Jersey and its affairs liquidated.

3. By said Agreement respondent specifically admits all of the jurisdictional allegations set forth in the complaint and agrees that the record herein may be taken as though the hearing examiner or the Commission had made findings of jurisdictional facts in accordance with such allegations; that the order therein agreed upon shall have the same force and effect as though made upon a full hearing, presentation of evidence and findings and conclusions based thereon, specifically waiving any and all right, power or privilege to contest the validity of said order: that the complaint herein may be used in construing the terms of said order, which order may be altered, modified or set aside in the manner provided by statute affecting orders of the Commission.

4. All of the parties to said Agreement waived the filing of answer; hearing before a hearing examiner or the Commission; making of findings of fact or conclusions of law by the hearing examiner or the Commission; filing of exceptions and oral argument before the Commission; all further and other procedure before the hearing examiner and the Commission to which the respondent might otherwise, but for the execution of said Agreement, be entitled under the Federal Trade Commission Act, or the Wool Products Labeling Act of 1939, or the Rules of Practice of the Commission (effective May 21, 1955): Further, it was agreed that the aforesaid Agreement, together with the complaint, shall constitute the entire record herein.

Pursuant to the intent of said Agreement and of the facts therein recited, and that the order embodied therein is identical with the order *nisi* accompanying the complaint, the hearing examiner, being of opinion that the order agreed upon will effectually safeguard the public interest, finds that this proceeding is in the public interest and issues the following order:

ORDER

It is ordered, That the respondent Paul A. Raich, individually, and his representatives, agents, and employees, directly or through any corporate or other device, in connection with the introduction or manufacture for introduction in commerce, or the offering for sale, sale, transportation, or distribution in commerce, as "commerce" is defined in the Federal Trade Commission Act and the Wool Products Labeling Act of 1939, of blankets or other "wool products" as such products are defined in and are subject to the Wool Products Labeling Act of 1939, which products contain, purport to contain, or in any way are represented as containing "wool," "reprocessed wool," or "reused wool," as those terms are defined in said Act, do forthwith cease and desist from misbranding or misrepresenting such products by:

1. Falsely or deceptively stamping, tagging, labeling or otherwise identifying such products as to the character or amount of the constituent fibers therein;

2. Failing to securely affix or to place on each such product a stamp, tag, label or other means of identification showing in a clear and conspicuous manner:

a. The percentage of the total fiber weight of such wool products, exclusive of ornamentation not exceeding five percentum of said total fiber weight of (1) wool, (2) reprocessed wool, (3) reused wool, (4) each fiber other than wool where said percentages by weight of such

fiber is five percentum or more and (5) the aggregate of all other fibers;

b. The maximum percentage of the total weight of such wool product of any non-fibrous loading, filling, or adulterating matter;

c. The name or the registered identification number of the manufacturer of such wool product or of one or more persons engaged in introducing such wool product into commerce or in the offering for sale, sale, transportation, distribution or delivering for shipment thereof in commerce, as "commerce" is defined in the Wool Products Labeling Act of 1939.

3. Falsely or deceptively stamping, tagging, labeling, or otherwise identifying such products as containing hair or fleece of the Cashmere goat;

4. Stamping, tagging, labeling, or otherwise identifying such products as containing hair or fleece of the Cashmere goat without setting forth in a clear and conspicuous manner on each of the required stamps, tags, labels or other means of identification the percentage of such Cashmere fiber therein;

Provided, That the foregoing provisions concerning misbranding shall not be construed to prohibit acts permitted by Paragraphs (a) and (b) of Section 3 of the Wool Products Labeling Act of 1939.

Provided further, That nothing contained in this order shall be construed as limiting any applicable provisions of said Act or the Rules and Regulations promulgated thereunder.

It is further ordered, That the respondent Paul A. Raich, individually, and his representatives, agents, and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution in commerce, as "commerce" is defined in the Federal Trade Commission Act, of blankets or other products, do forthwith cease and desist from, directly or indirectly:

1. Using the word "Cashmere," or any simulation thereof, either alone or in conjunction with other words, to designate, describe or refer to any product which is not composed entirely of the hair of the Cashmere goat: Provided, however, that in the case of any product composed in part of the hair of the Cashmere goat and in part of other fibers or materials, such word may be used as descriptive of the Cashmere content if there are used in immediate connection therewith, in letters of at least equal conspicuousness, words truthfully describing such other constituent fibers or materials.

2. Representing in any manner that said products contain a greater percentage of Cashmere than is the fact.

3. Representing in any manner that certain amounts are the usual and regular retail prices of said products when such amounts are in

excess of the prices at which said products are usually and regularly sold at retail.

4. Making any false statement or representation or engaging in any deceptive practice or plan which would provide retailers of said products with a means of misrepresenting their usual and regular retail prices.

DECISION OF THE COMMISSION AND ORDER TO FILE REPORT OF COMPLIANCE

Pursuant to Sec. 3.21 of the Commission's Rules of Practice, the initial decision of the hearing examiner shall, on the 8th day of July, 1955, become the decision of the Commission; and, accordingly:

It is ordered, That the respondent herein shall, within sixty (60) days after service upon him of this order, file with the Commission a report in writing setting forth in detail the manner and form in which he has complied with the order to cease and desist.

IN THE MATTER OF

AL A. ROSENBLATT CO., INC., ET AL.

CONSENT AND DEFAULT ORDERS, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL TRADE COMMISSION ACT AND OF THE FUR PRODUCTS LABELING ACT

Docket 6299. Complaint, Feb. 25, 1955—Decision, July 13, 1955

Consent and default orders requiring the consenting respondent and the defaulting respondents, furriers in Boston, Mass., and Buffalo, N. Y., respectively, to cease violating the Fur Products Labeling Act and the Federal Trade Commission Act by representing falsely in advertising, by statements of salesmen, on tags or labels and in invoices, the composition, prices, quality, source, etc., of their fur products, and by failing in other respects to conform to the requirements of the Act.

Before *Mr. Everett F. Haycraft*, hearing examiner.

Mr. John J. McNally for the Commission.

Arenella & Arenella, of Boston, Mass., for respondents.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Fur Products Labeling Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Al A. Rosenblatt Co., Inc., a corporation, and Lila Rosenblatt, individually and as President of said corporation, and Mac Goldman, an individual trading as Mac Goldman Company, hereinafter referred to as respondents, have violated the provisions of said Acts and the Rules and Regulations promulgated under the Fur Products Labeling Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Al A. Rosenblatt Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its office and principal place of business located at 683 Main Street, Buffalo, New York.

Respondent Lila Rosenblatt, an individual, is President of respondent Al A. Rosenblatt Co., Inc., and in said capacity controls, formulates and directs the acts, practices and policies of said corporate respondent. Her business address is the same as that of said corporate respondent.

Respondent Mac Goldman is an individual, trading as Mac Goldman Company, with his principal office and place of business located at 600 Washington Street, Boston, Massachusetts.

PAR. 2. Respondents Al A. Rosenblatt Co., Inc., and Lila Rosenblatt are engaged in the sale of fur products at wholesale to furriers, and at retail, to members of the purchasing public. Respondent Mac Goldman, trading as Mac Goldman Company, provides fur products, had on consignment from numerous fur product manufacturing and distributing concerns located in various States of the United States, to retailers thereof located in various States of the United States, for sale to the purchasing public.

In the course and conduct of their respective businesses as aforesaid, respondents entered into an arrangement wherein certain of the stocks of fur products in the custody or control of said respondents were merged and commingled for a period of time, during which said respondents jointly promoted the sale thereof to members of the purchasing public.

The aforesaid arrangement provided that respondents Al A. Rosenblatt Co., Inc., and Lila Rosenblatt undertake the dissemination of advertisements concerning the sale of said commingled stock of fur products, and to furnish the premises, most of the sales personnel, and the invoices and other facilities necessary for the said joint promotion and sale, and to be responsible for the Federal Excise taxes collected incident to the sale of said merchandise. Respondent Mac Goldman assisted in the formulation of the promotional material and supplied one sales person. Said arrangement further provided that such fur products from the stocks supplied by respondent Goldman as were sold during said joint promotion and sale be billed directly to respondent Al A. Rosenblatt Co., Inc., by the consigners thereof, and be invoiced to the purchasers thereof by and in the name of respondent Al A. Rosenblatt Co., Inc.

Upon the termination of said joint promotion and sale, and after the payment of all expenses related thereto, the fur products remaining from the stocks supplied by respondent Mac Goldman were withdrawn from the premises of Al A. Rosenblatt Co., Inc., and the net profits accruing from said joint venture were thereupon equally shared between respondents Mac Goldman and Al A. Rosenblatt Co., Inc.

PAR. 3. Subsequent to the effective date of the Fur Products Labeling Act on August 9, 1952, the respondents, acting in conjunction and in cooperation with each other, have introduced, sold, advertised, offered for sale, transported and distributed fur products in commerce, and have sold, advertised, offered for sale, transported and distributed fur products which have been made in whole or in part of fur which had been shipped and received in commerce, as "commerce," "fur," and "fur product," are defined in the Fur Products Labeling Act.

Certain of said fur products have been misbranded, falsely advertised and falsely invoiced in violation of the Fur Products Labeling Act and of the Rules and Regulations promulgated thereunder.

PAR. 4. Certain of said fur products were falsely and deceptively advertised, in violation of the Fur Products Labeling Act, in that respondents caused the dissemination in commerce, as "commerce" is defined in said Act, of certain advertisements concerning said fur products by means of newspapers and by various other means, which advertisements were not in accordance with the provisions of Section 5 (a) of the Fur Products Labeling Act and of the Rules and Regulations promulgated under the said Act, and which advertisements were intended to and did aid, promote and assist, directly and indirectly, in the sale and offering for sale of said fur products.

PAR. 5. Among and including the advertisements as aforesaid, but not limited thereto, was an advertisement of respondents which appeared in the March 10, 1954, issue of the "Buffalo Evening News," a publication having wide circulation in the State of New York, and in adjacent counties of the State of Pennsylvania and in adjacent provinces of Canada.

By means of the aforesaid advertisement, and through others of the same import and meaning not referred to specifically herein, respondents falsely and deceptively:

(a) Misrepresented prices of fur products as having been reduced from regular or usual prices, where the so-called regular or usual prices were in fact fictitious, in that they were not the prices at which said merchandise was usually sold by respondents, in the recent regular course of their business, in violation of Rule 44 (a) of the aforesaid Rules and Regulations.

(b) Misrepresented, by means of comparative prices and percentage savings claims not based upon current market values, the amount of savings to be effectuated by purchasers of said fur products, in violation of Rule 44 (b) of the aforesaid Rules and Regulations.

(c) Misrepresented the grade, quality or value of certain of said fur products, by the use of illustrations depicting higher prices or more valuable products than those actually available for sale at the advertised selling price, in violation of Rule 44 (f) of the aforesaid Rules and Regulations.

(d) Misrepresented said fur products as being the stock of a business in a state of liquidation in violation of Rule 44 (g) of the said Rules and Regulations.

Respondents, in making the pricing claims and representations referred to in subparagraphs (a) and (b) hereof, failed to maintain

full and adequate records disclosing the facts upon which such claims and representations were purportedly based, in violation of Rule 44 (e) of said Rules and Regulations.

PAR. 6. Certain of said fur products were falsely and deceptively advertised in that the name of the animal producing the fur contained in said fur products was orally misrepresented by respondents or their sales people, in promoting the sale of such fur products, in violation of Section 5 (a) of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder.

PAR. 7. Certain of said fur products were misbranded in that they were not labeled as required under the provisions of Section 4 (2) of the Fur Products Labeling Act and in the manner and form prescribed by the Rules and Regulations promulgated thereunder.

PAR. 8. Certain of said fur products were misbranded in that respondents, on labels attached thereto, set forth the name of an animal in addition to the name of the animal that produced the fur, in violation of Section 4 (3) of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder.

PAR. 9. Certain of said fur products were misbranded in violation of the Fur Products Labeling Act in that they were not labeled in accordance with the Rules and Regulations promulgated thereunder in the following respects:

(a) Required information was set forth in abbreviated form in violation of Rule 4 of the aforesaid Rules and Regulations;

(b) The country of origin of imported furs contained in fur products was set forth in abbreviated form and in the adjective form in violation of Rule 12 (e) of the aforesaid Rules and Regulations;

(c) Required information was mingled with non-required information in violation of Rule 29 (a) of the said Rules and Regulations;

(d) Required information was set forth in handwriting in violation of Rule 29 (b) of the said Rules and Regulations;

(e) Required information was set forth in improper sequence in violation of Rule 30 of the aforesaid Rules and Regulations;

(f) Respondents failed to set forth an item number of mark assigned to fur products, in violation of Rule 40 (a) of said Rules and Regulations.

PAR. 10. Certain of said fur products were falsely and deceptively invoiced in that they were not invoiced as required under the provisions of Section 5 (B) (1) of the Fur Products Labeling Act and in the manner and form prescribed by the Rules and Regulations promulgated thereunder.

PAR. 11. Certain of said fur products were falsely and deceptively invoiced in that respondents, on invoices furnished to purchasers of said fur products, set forth the name of an animal in addition to the name of the animal that produced the fur, and misrepresented the country of origin of imported furs contained in fur products, in violation of Section 5 (B) (2) of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder.

PAR. 12. Certain of said fur products were falsely and deceptively invoiced in violation of the Fur Products Labeling Act, in that they were not invoiced in accordance with the Rules and Regulations promulated thereunder in the following respects:

(a) The country of origin of imported furs contained in fur products was set forth in abbreviated form in violation of Rule 12 (e) of the aforesaid Rules and Regulations.

(b) Respondents failed to set forth an item number of mark assigned to fur products in violation of Rule 40 (a) of the aforesaid Rules and Regulations.

PAR. 13. The aforesaid acts and practices of respondents, as herein alleged, were in violation of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder and constituted unfair and deceptive acts and practices in commerce under the Federal Trade Commission Act.

INITIAL DECISION BY EVERETT F. HAYCRAFT, HEARING EXAMINER

The Federal Trade Commission issued its complaint against the above-named respondents on February 25, 1955, charging them with the use of unfair methods of competition and unfair acts and practices in commerce in violation of the provisions of the Federal Trade Commission Act, and the Fur Products Labeling Act and the Rules and Regulations promulgated under the Fur Products Labeling Act.

Respondents Al A. Rosenblatt Co., Inc., and Lila Rosenblatt, individually and as President of said corporation, failed to file answers to the complaint and failed to appear at the time and place fixed for hearing in said complaint. The "Notice" portion of the complaint, based upon the provisions of Rule V, provided that the failure of respondents to file timely answers and to appear at the time and place fixed for hearing would be deemed to authorize the Commission and the hearing examiner to issue an order in the form therein set forth.

Respondent Mac Goldman, an individual, trading as Mac Goldman Company, after being duly served with said complaint, and filing answer thereto, entered into a stipulation with counsel in support of the complaint dated May 9, 1955, providing for the entry of a con-

sent order disposing of all the issues in this proceeding. Said stipulation has been submitted to the above-named hearing examiner for his consideration in accordance with Rule V of the Commission's Rules of Practice. Respondent Goldman, pursuant to the aforesaid stipulation, has admitted all the jurisdictional allegations of the complaint and agreed that the record herein may be taken as if the Commission had made findings of jurisdictional facts in accordance with such allegations. Said stipulation further provides that the answer heretofore filed in this proceeding by respondent Goldman be withdrawn, which action is hereby authorized, and that all parties expressly waive a hearing before the hearing examiner or the Commission, and all further and other procedure to which the respondent may be entitled under the Federal Trade Commission Act or the Rules of Practice of the Commission. Respondent Goldman has also agreed that the order to cease and desist issued in accordance with said stipulation shall have the same force and effect as if made after a full hearing, presentation of evidence and findings and conclusions thereon, and specifically waives any and all right, power, or privilege to challenge or contest the validity of the said order. It was also stipulated and agreed that the stipulation, together with the complaint, shall constitute the entire record for respondent Goldman. It has been further stipulated and agreed that the complaint herein may be used in construing the terms of the order provided for in said stipulation, and that the signing of said stipulation is for settlement purposes only and does not constitute an admission by respondent Goldman that he has violated the law as alleged in the complaint, and that this stipulation is subject to Rules V and XXII of the Commission's Rules of Practice and that the said order shall have no force and effect until it becomes the order of the Commission.

This proceeding having now come on for final consideration by the hearing examiner on the complaint, the record herein, and the aforesaid stipulation for consent order, and it appearing that said stipulation provides for an appropriate dispositon of this proceeding as to respondent Mac Goldman, the same is hereby accepted and made a part of the record.

The said hearing examiner having duly considered the record herein, pursuant to Rules V and VIII of the Rules of Practice of the Commission, makes the following findings for jurisdictional purposes, and order:

1. Respondent Al A. Rosenblatt Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its office and principal place of business located at 683 Main Street, Buffalo, New York.

2. Respondent Lila Rosenblatt, an individual, is President of respondent Al A. Rosenblatt Co., Inc., and in said capacity controls, formulates and directs the acts, practices and policies of said corporate respondent. Her business address is the same as that of said corporate respondent.

3. Respondent Mac Goldman is an individual, who for several years last past, up to and including February 1, 1955, has traded as Mac Goldman Company. His office and principal place of business, up to and including October 1, 1954, has been 600 Washington Street, Boston, Massachusetts. His place of residence is now 8 Ranger Road, West Natick, Massachusetts.

4. By reason of their failure to file answer to the complaint and to appear at the time and place fixed in said complaint for a hearing thereon, the respondents, Al A. Rosenblatt Co., Inc., a corporation, and Lila Rosenblatt, individually and as President of said corporation, became amenable to the default provisions of Rule V (b) of the Commission's Rules of Practice, and by reason of the stipulation aforedescribed as to the respondent, Mac Goldman, it is concluded by this hearing examiner that the Federal Trade Commission has jurisdiction of the subject matter and of all respondents herein; that the complaint adequately states a cause of action under the Federal Trade Commission Act and under the Fur Products Labeling Act and that this proceeding is in the public interest, wherefore the following order is issued:

ORDER

It is ordered, That respondents Al A. Rosenblatt Co., Inc., a corporation, and its officers, and Lila Rosenblatt, individually and as an officer of said corporation, and Mac Goldman, an individual trading as Mac Goldman Company or under any other trade name, and respondents' representatives, agents, and employees, directly or through any corporate or other device, in connection with the introduction, or the sale, advertisement, offer for sale, transportation or distribution of fur products in commerce, or in connection with the sale, advertising, offer for sale, transportation or distribution of fur products which have been made in whole or in part of fur which had been shipped and received in commerce, as "commerce," "fur," and "fur product," are defined in the Fur Products Labeling Act, do forthwith cease and desist from:

A. Misbranding fur products by:

1. Failing to affix labels to fur products showing:

(a) The name or names of the animal or animals producing the fur or furs contained in the fur product as set forth in the Fur

Products Name Guide and as prescribed under the Rules and Regulations;

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

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

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

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

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

2. Setting forth on labels attached to fur products, the name or names of any animal or animals other than the name or names provided for in Paragraph A (1) (a) above.

3. Setting forth on labels attached to fur products:

(a) Required information in abbreviated form;

(b) The country of origin of imported fur contained in fur products in abbreviated form or in the adjective form;

(c) Non-required information mingled with required information;

(d) Required information in handwriting;

(e) Required information in a sequence different than that required by Rule 30 (a) of the Rules and Regulations.

4. Failing to show, on labels attached to fur products, the item number or mark assigned to such fur products, as required by Rule 40 of the Rules and Regulations.

B. Falsely or deceptively invoicing fur products by:

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

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

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

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

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

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

(f) The name of the country of origin of any imported furs contained in the fur product.

2. Using on invoices the name or names of any animal or animals other than the name or names provided for in Paragraph B (1) (a) above, or furnishing invoices which misrepresent the country of origin of imported furs contained in fur products, or which contain any form of misrepresentation or deception, directly or by implication, with respect to such fur products.

3. Setting forth the name of the country of origin of imported furs contained in fur products in abbreviated form.

4. Failing to show the item number or mark of fur products on the invoices pertaining to such products.

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

1. Fails to disclose the name or names of the animal or animals producing the fur or furs contained in the fur products as set forth in the Fur Products Name Guide and as prescribed under the Rules and Regulations;

2. Contains the name or names of any animal or animals other than the name or names specified in Paragraph C (1) above;

3. Represents directly or by implication:

(a) That the regular or usual price of any fur product is any amount which is in excess of the price at which such product has been offered for sale in good faith or sold by respondents in the recent regular course of their business;

(b) That a sale price enables purchasers of fur products to effectuate any savings in excess of the difference between the said price and the price at which comparable products were sold during the time specified or, if no time is specified, in excess of the difference between said price and the current price at which comparable products are sold;

(c) That any such product is of a higher grade, quality or value than is the fact, by means of illustrations or depictions of higher priced or more valuable products than those actually available for sale at the advertised selling price;

(d) That any of such products were the stock of a business in a state of liquidation, contrary to fact.

4. Makes pricing claims or representations of the type referred to in Paragraph C(3) (a) and (b) above, unless there is maintained by respondents full and adequate records disclosing the facts upon which such claims and representations are based, as required by Rule 44(e) of the Rules and Regulations;

5. Contains any form of misrepresentation or deception, directly or by implication, with respect to such fur products.

DECISION OF THE COMMISSION AND ORDER TO FILE REPORT OF COMPLIANCE

Pursuant to Sec. 3.21 of the Commission's Rules of Practice, the initial decision of the hearing examiner shall, on the 13th day of July, 1955, become the decision of the Commission; and, accordingly:

It is ordered, That the respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with the order to cease and desist.

IN THE MATTER OF

CROSS BAKING COMPANY, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF SEC. 3 OF THE CLAYTON ACT

Docket 6334. Complaint, Apr. 22, 1955—Decision, July 13, 1955

Consent order requiring a leading producer of bakery products, sold under the trade names "Holsum", "Bamby", "Hollywood", and others, with main office in Montpelier, Vt., to cease selling and contracting to sell, and fixing prices for, their products on the condition that purchasers not use or deal in bakery products of any competitor.

Before *Mr. Everett F. Haycraft*, hearing examiner.

Mr. William H. Smith and *Mr. Andrew C. Goodhope* for the Commission.

Mr. Robert H. Ryan, of Montpelier, Vt., for respondents.

COMPLAINT

Pursuant to the provisions of an act of Congress, commonly known as the Clayton Act, the Federal Trade Commission having reason to believe that Cross Baking Company, Inc., a corporation, and G. Landale Edson, individually and as an officer of said corporation (hereinafter called respondents) have violated the provisions of Section 3 of the Clayton Act (15 U. S. C. A. Sec. 14), the Commission hereby issues its complaint stating its charges as follows:

PARAGRAPH 1. Respondent Cross Baking Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Vermont, having its principal office and place of business located at 101 Main Street, Montpelier, Vermont.

Respondent G. Landale Edson is an individual and is president of respondent Cross Baking Company, Inc. Respondent G. Landale Edson at all times hereinafter mentioned has controlled and directed the policies and practices of corporate respondent Cross Baking Company, Inc., including the methods, acts and practices mentioned herein.

PAR. 2. Respondents are now and for many years have been engaged in the manufacture, sale and distribution of a variety of bakery products, including various kinds of bread, rolls, cakes and pastries. Respondents sell their products under a number of trade names, including "Freshbake," "Sun-Spun," "Betsey Ross," "Holsum," "Bamby," "Hollywood" and "Duncan Hines." Respondents sell

their bakery products to chain store grocery organizations, food wholesalers and independent grocery stores. The wholesalers and chain store organizations and independent grocery stores to whom respondents sell their products are independent businesses which resell the products purchased from the respondents to consumers. Respondents are one of the leading producers of bakery products and are an important and substantial competitive factor in the area in which they produce and distribute their products. Total sales of all bakery products by respondents during the year 1952 were $874,072.00.

PAR. 3. Respondents now sell and distribute, and for many years have been selling and distributing, their above described products to chain store organizations, wholesalers and independent grocery stores located throughout the States of New York, Vermont and New Hampshire, and respondents cause said products to be transported from their place of manufacture in the State of Vermont to purchasers thereof located in States other than the State of manufacture. Respondents also cause other of their above described products to be transported from places of manufacture in the State of New York across State lines to purchasers thereof located in the States of New Hampshire and Vermont. There is now and has been for many years a constant current of trade in commerce in respondents' said products between and among the various States of the United States.

PAR. 4. In the course and conduct of their business as herein described respondents have been for many years in substantial competition in the sale and distribution of bakery products in commerce between and among the various States of the United States with other corporations, persons, firms and partners, likewise engaged in the manufacture, sale and distribution of similar products.

PAR. 5. In the course and conduct of their business in commerce, above described, the respondents have made sales and contracts for sale of their bakery products and have fixed a price charged therefor, or discount from, or rebate upon, such price, on the condition, agreement or understanding that the purchaser or purchasers of said bakery products shall not use or deal in similar bakery products of a competitor or competitors of the respondent.

Among such sales and contracts of sale is that entered into between respondents and a large chain store organization, The Grand Union Company, whereby Grand Union Company has agreed to handle and sell respondents' bakery products exclusively in a large number of its retail stores and not handle any such bakery products of competitors of respondents. A similar arrangement has been entered into

between respondents and the buying agent of the Red and White Stores, also a large retail chain store organization.

PAR. 6. Respondents' sales of their bakery products pursuant to the conditions, agreements and understandings described in Paragraph Five hereof have been and are substantial. Competitors of respondents have been, and are now, unable to make sales of similar products to those sold by respondents to respondents' customers which they could have made but for the conditions, agreements and understandings described above in Paragraph Five. Customers of respondents who have entered into contracts of sale have been restricted and hampered in their businesses as a result of being unable to purchase similar bakery products from competitors of respondents.

PAR. 7. The effect of such sale and contracts for sale on such conditions, agreements or understandings may be to substantially lessen competition in a line of commerce in which respondents are engaged and in the line of commerce in which the customers and purchasers of respondents' products are engaged; and may be to tend to create a monopoly in respondents in the line of commerce in which the respondents have been and are now engaged.

PAR. 8. The aforesaid acts and practices of respondents constitute a violation of Section 3 of the Clayton Act.

INITIAL DECISION BY EVERETT F. HAYCRAFT, HEARING EXAMINER

The Federal Trade Commission issued its complaint against the above-named respondents on April 22, 1955, charging them with having violated Section 3 of the Clayton Act. After being duly served with said complaint, the respondents appeared by counsel and entered into a stipulation with counsel supporting the complaint, dated May 23, 1955, providing for the entry of a consent order disposing of all the issues in this proceeding. Said stipulation has been submitted to the above-named hearing examiner, heretofore duly designated by the Commission, for his consideration in accordance with Section 3.25 of the Commission's Rules of Practice.

Respondents, pursuant to the aforesaid stipulation, have admitted all the jurisdictional allegations of the complaint and agreed that the record herein may be taken as if the Commission had made findings of jurisdictional facts in accordance with such allegations. Said stipulation further provides that respondents expressly waive the filing of an answer herein, a hearing before a hearing examiner or the Commission, the making of findings of fact or conclusions of law by the hearing examiner or the Commission, the filing of excep-

tions and oral argument before the Commission, and all further and other procedure to which the respondents may be entitled under the Clayton Act or the Rules of Practice of the Commission. Respondents have also agreed that the order to cease and desist issued in accordance with said stipulation shall have the same force and effect as if made after a full hearing, presentation of evidence, and findings and conclusions thereon, and specifically waive any and all right, power or privilege to challenge or contest the validity of said order. It was also stipulated and agreed that the aforesaid stipulation, together with the complaint herein, shall constitute the entire record; that the said complaint may be used in construing the terms of the order provided for in said stipulation; that said stipulation is subject to approval in accordance with Sections 3.21 and 3.25 of the Commission's Rules of Practice; that the order issued herein shall have no force and effect unless and until it becomes the order of the Commission; and that the signing of said stipulation is for settlement purposes only and does not constitute an admission by respondents that they have violated the law as alleged in the complaint.

This proceeding having now come on for final consideration by the hearing examiner on the complaint and the aforesaid stipulation for consent order, and it appearing that said stipulation provides for an appropriate disposition of this proceeding, the same is hereby accepted by the hearing examiner, who makes the following findings, for jurisdictional purposes, and order:

1. Respondent Cross Baking Company, Inc., is now and has been at all times mentioned in the complaint herein a corporation organized under and existing by the virtue of the laws of the State of Vermont with its office and principal place of business located at 101 Main Street, in the City of Montpelier, State of Vermont. Respondent G. Landale Edson is an individual and is now and has been at all times mentioned in the complaint president of corporate respondent Cross Baking Company.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents hereinabove named; the complaint herein states a cause of action against said respondents under the Clayton Act.

ORDER

It is ordered, That the respondents Cross Baking Company, Inc., a corporation, and G. Landale Edson, individually and as an officer of said corporation, their agents, representatives and employers, directly or through any corporate or other device in connection with the offering for sale, sale or distribution of bakery products in com-

merce, as "commerce" is defined in the Clayton Act, do forthwith cease and desist from:

1. Selling or making any contract or agreement for the sale of any such products, or fixing a price charged therefor, or discount from, or debate upon, such price on the condition, agreement or understanding that the purchaser thereof shall not use or deal in the bakery products or other similar or related products supplied by any competitor or competitors of the respondents;

2. Enforcing or continuing in operation or effect any condition, agreement or understanding in or in connection with any contract of sale of any such products or fixing a price charged therefor or discount from, or rebate upon such price which condition, agreement or understanding is to the effect that the purchasers of the said products shall not use or deal in bakery products or other similar or related products supplied by any competitor or competitors of respondents.

DECISION OF THE COMMISSION AND ORDER TO FILE REPORT OF COMPLIANCE

Pursuant to Sec. 3.21 of the Commissioner's Rules of Practice, the initial decision of the hearing examiner shall, on the 13th day of July, 1955, become the decision of the Commission; and, accordingly:

It is ordered, That the respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with the order to cease and desist.

IN THE MATTER OF

PLATINOID METALS COMPANY, INC., ET AL.

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

Docket 6292. Complaint, Feb. 18, 1955—Decision, July 14, 1955

Order requiring a manufacturer in New York City to cease representing falsely that its finger rings contained platinum through stamping the rings with the word "Platinoid".

Mr. Terral A. Jordan for the Commission.

Mr. Abraham M. Jukovsky, of Queens, N. Y., for respondents.

INITIAL DECISION BY JOHN LEWIS, HEARING EXAMINER

Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission on February 18, 1955, issued and subsequently served its complaint in this proceeding upon the respondents named in the caption hereof, charging them with the use of unfair and deceptive acts and practices and unfair methods of competition in commerce in violation of the provisions of said Act. The said respondents failed to file answer to the complaint and failed to appear at the time and place fixed for hearing. At said hearing before the above-named hearing examiner, theretofore duly designated by the Commission, the attorney in support of the complaint moved that the hearing be closed without the taking of testimony and that the hearing examiner proceed, in due course, to find the facts to be as alleged in the complaint and issue an order to cease and desist in the form set forth in the "Notice" portion of said complaint. It appearing that the aforesaid "Notice" provided that the failure of respondents to file timely answer and to appear at the time and place fixed for hearing would be deemed to authorize the Commission and the hearing examiner to find the facts to be as alleged in the complaint and to issue an order in the form therein set forth, the hearing examiner granted said motion and the hearing was thereupon closed. Thereafter, the proceeding regularly came on for final consideration by the said hearing examiner upon the complaint and said motion of the attorney in support of the complaint; and said hearing examiner having duly considered the record herein, finds that this proceeding is in the interest of the public and, pursuant to Rules V and VIII of the Rules of Practice of the Commission, makes the following findings as to the facts, conclusion drawn therefrom, and order.

FINDINGS AS TO THE FACTS

PARAGRAPH 1. Respondent, Platinoid Metals Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York with its office and principal place of business located at 31 West 47th Street, New York, New York. Respondents, David Benoliel, Ferdinand Ferri, and David Edelman, are respectively President, Treasurer and Secretary of the corporate respondent. The individual respondents, acting in cooperation with each other, formulate, direct and control all of the policies, acts and practices of said corporation. The address of said individual respondents is the same as that of said corporate respondent.

PAR. 2. Respondents are now, and have been for more than one year last past, engaged in the manufacture, sale and distribution of jewelry, including finger rings, in commerce, among and between the various States of the United States and in the District of Columbia. Respondents maintain, and at all times mentioned herein have maintained, a substantial course of trade in said jewelry and finger rings, in commerce, among and between the various States of the United States.

PAR. 3. Among the finger rings manufactured, sold and distributed by respondents in the course and conduct of their business as aforesaid, are those rings stamped with the word "Platinoid" on the inner circumference thereof.

PAR. 4. Through the use of the said word "Platinoid," as hereinabove described, respondents have represented and implied and do represent and imply that said rings sold and distributed by them in commerce are made up in substantial part of platinum.

PAR. 5. Said representations are false, misleading and deceptive. In truth and in fact, respondents' said rings contain no platinum.

PAR. 6. By selling and distributing to wholesalers and retailers said rings manufactured as aforesaid and having stamped thereon the word "Platinoid" respondents furnish to such wholesalers and retailers the means and instrumentality through and by which they may mislead and deceive the purchasing public as to the constituent components of said rings.

PAR. 7. In the course and conduct of their business, respondents are in direct and substantial competition with other corporations and firms and individuals engaged in the sale in commerce of jewelry, including finger rings.

PAR. 8. The sale and distribution in commerce of respondents' said rings marked as hereinabove found has had and now has the tendency and capacity to and does mislead a substantial portion of the purchasing public into the erroneous and mistaken belief that the said

rings are made up in substantial part of platinum and into the purchase of substantial quantities of such rings because of such erroneous and mistaken belief. As a result thereof, substantial trade in commerce has been unfairly diverted to respondents from their competitors and substantial injury has been done to competition in commerce.

CONCLUSION

The aforesaid acts and practices of the respondents, as herein found, are all to the prejudice and injury of the public and of respondents' competitors and constitute unfair and deceptive acts and practices and unfair methods of competition, in commerce, within the intent and meaning of the Federal Trade Commission Act.

ORDER

It is ordered, That respondents, Platinoid Metals Company, Inc., a corporation, and its officers, and David Benoliel, Ferdinand Ferri, and David Edelman, individually and as officers of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in the offering for sale, sale or distribution of jewelry, including finger rings, in commerce as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from the use of the word "Platinoid," or any other word or term of the same or similar import, in describing jewelry, including finger rings, which does not contain any platinum.

DECISION OF THE COMMISSION AND ORDER TO FILE REPORT OF COMPLIANCE

Pursuant to Sec. 3.21 of the Commission's Rules of Practice, the initial decision of the hearing examiner shall, on the 14th day of July 1955, become the decision of the Commission; and, accordingly:

It is ordered, That the respondents herein shall within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with the order to cease and desist.

IN THE MATTER OF

SUPERIOR WOOL BATTING CORPORATION ET AL.

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

Docket 6321. Complaint, Apr. 1, 1955—Decision, July 15, 1955

Consent order requiring a manufacturer in Bronx, N. Y., to cease violating the Wool Products Labeling Act through misbranding wool batts or battings as "80% Reused Wool, 20% Other Fibers", and through failing to conform to requirements of the Act in labeling such batts.

Before *Mr. Earl J. Kolb*, hearing examiner.
Mr. Roslyn D. Young, Jr. for the Commission.
Mayersohn & Domph, of New York City, for respondents.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Wool Products Labeling Act of 1939, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Superior Wool Batting Corporation, a corporation, and Mark Burney, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent, Superior Wool Batting Corporation, is a corporation organized and existing under and by virtue of the laws of the State of New York, with its principal place of business located at 1000 Washington Street, Bronx, New York.

The individual respondent, Mark Burney, is President of said corporate respondent. He formulates, directs and controls the acts, policies and practices of said corporate respondent.

PAR. 2. Subsequent to the effective date of the said Wool Products Labeling Act of 1939 and more especially since February, 1954, respondents have manufactured for introduction into commerce, introduced into commerce, sold, transported, distributed, delivered for shipment and offered for sale in commerce as "commerce" is defined by the Wool Products Labeling Act, wool products, as "wool products" are defined therein.

PAR. 3. Certain of said wool products described as batts or battings were misbranded within the intent and meaning of Section 4 (a) (1) of said Wool Products Labeling Act and the Rules and Regulations promulgated thereunder. Among such misbranded products were wool batts or battings labeled or tagged by respondents as consisting of "80% Reused Wool, 20% Other Fibers," whereas in truth and in fact said batts or battings did not contain 80% reused wool and 20% other fibers but consisted of substantially less than 80% reused or reprocessed wool fibers and substantially more than 20% miscellaneous non-woolen fibers.

PAR. 4. Certain of said wool products described as batts or battings were misbranded by respondents in that they were not stamped, tagged or labeled as required under the provisions of Section 4 (a) (2) of said Wool Products Labeling Act, and in the manner and form prescribed by the Rules and Regulations promulgated thereunder.

PAR. 5. The acts and practices of the respondents as herein alleged were and are in violation of the Wool Products Labeling Act of 1939 and the Rules and Regulations promulgated thereunder, and constitute unfair and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act.

INITIAL DECISION BY EARL J. KOLB, HEARING EXAMINER

The complaint in this proceeding charges respondent Superior Wool Batting Corporation, a New York corporation located at 1000 Washington Street, Bronx, New York, and respondent Mark Burney, individually and as an officer of said corporation located at the same address, with violation of the provisions of the Federal Trade Commission Act, the Wool Products Labeling Act of 1939 and the Rules and Regulations made pursuant thereto, by misbranding of certain wool products manufactured by them for introduction into commerce.

In lieu of submitting answer to said complaint, respondents entered into a stipulation for consent order with counsel in support of the complaint which was duly approved by the Director and Assistant Director of the Bureau of Litigation. It was expressly provided in said stipulation that the signing thereof is for settlement purposes only and does not constitute an admission by respondents that they have violated the law as alleged in the complaint.

By the terms of said stipulation, the respondents admitted all the jurisdictional allegations of the complaint and agreed that the record herein may be taken as if the Commission had made findings of jurisdictional facts in accordance with such allegations. By said stipulation all parties expressly waived the filing of answer, a hearing before

the hearing examiner or the Commission, the making of findings of fact or conclusions of law by the hearing examiner or the Commission, the filing of exceptions and oral argument before the Commission, and all further and other procedure before the hearing examiner and the Commission to which the respondents may be entitled under the Federal Trade Commission Act or the Rules of Practice of the Commission.

By said stipulation, respondents further agreed that the order to cease and desist, issued in accordance with said stipulation, shall have the same force and effect as if made after a full hearing, presentation of evidence, and findings and conclusions thereon, and specifically waived any and all right, power or privilege to challenge or contest the validity of such order.

It was further provided that said stipulation, together with the complaint, shall constitute the entire record herein, that the complaint herein may be used in construing the terms of the order issued pursuant to said stipulation, and that said order may be altered, modified or set aside in the manner prescribed by the statute for orders of the Commission.

The hearing examiner has considered such stipulation and the order therein contained, and, it appearing that said stipulation and order provides for appropriate disposition of this proceeding, the same is hereby accepted and made a part of the record and in consonance with the terms of said stipulation the hearing examiner finds that the Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents named herein, and that this proceeding is in the interest of the public, and issues the following order:

ORDER

It is ordered, That the respondent Superior Wool Batting Corporation, a corporation, and its officers, and Mark Burney, individually and as an officer of said corporation, and respondents' respective representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction or manufacture for introduction into commerce, or the offering for sale, sale, transportation or distribution in commerce, as "commerce" is defined in the Federal Trade Commission Act and the Wool Products Labeling Act of 1939, of wool batts or battings or other "wool products," as such products are defined in and subject to the Wool Products Labeling Act of 1939, which products contain, purport to contain, or in any way are represented as containing "wool," "reprocessed wool" or "reused

wool," as those terms are defined in said Act, do forthwith cease and desist from misbranding such products by:

1. Falsely or deceptively stamping, tagging, labeling or otherwise identifying such products as to the character or amount of the constituent fibers included therein;

2. Failing to securely affix to or place on each product a stamp, tag, label or other means of identification showing in a clear and conspicuous manner:

(a) The percentage of the total fiber weight of such wool product, exclusive of ornamentation not exceeding five percentum of said total fiber weight, of (1) wool, (2) reprocessed wool, (3) reused wool, (4) each fiber other than wool where said percentage by weight of such fiber is five percentum or more, and (5) the aggregate of all other fibers;

(b) The maximum percentage of the total weight of such wool product of any non-fibrous loading, filling, or adulterating matter;

(c) The name or the registered identification number of the manufacturer of such wool product or of one or more persons engaged in introducing such wool product into commerce, or in the offering for sale, sale, transportation, distribution or delivery for shipment thereof in commerce, as "commerce" is defined in the Wool Products Labeling Act of 1939.

Provided, That the foregoing provisions concerning misbranding shall not be construed to prohibit acts permitted by paragraphs (a) and (b) of Section 3 of the Wool Products Labeling Act of 1939, and

Provided further, That nothing contained in this order shall be construed as limiting any applicable provisions of said Act or the Rules and Regulations promulgated thereunder.

DECISION OF THE COMMISSION AND ORDER TO FILE REPORT OF COMPLIANCE

Pursuant to Section 3.21 of the Commission's Rules of Practice, the initial decision of the hearing examiner did, on the 15th day of July, 1955, become the decision of the Commission; and, accordingly:

It is ordered, That the respondents herein shall within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with the order to cease and desist.

IN THE MATTER OF

CORDOVA DISTRICT FISHERIES UNION ET AL.

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

Docket 6261. Complaint, Nov. 5, 1954—Decision, July 16, 1955

Consent orders requiring the corporate operators of the only large clam packing plant in Alaska and a union of independent clam diggers and its members to cease concertedly fixing prices and restraining trade in Alaska's Cordova and Bering River area clam industry.

Before *Mr. J. Earl Cox*, hearing examiner.

Mr. Paul H. LaRue for the Commission.

Mr. Roy E. Jackson, of Seattle, Wash., for Cordova District Fisheries Union, and Executive Secretary and members of the Executive Board thereof.

Ryan, Askren & Mathewson, of Seattle, Wash., for G. P. Halferty & Co., Halferty Canneries, Inc., and officers thereof.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and by virtue of the authority vested in it by said Act, the Federal Trade Commission having reason to believe that the parties hereinafter referred to as respondents have violated the provisions of Section 5 of the Federal Trade Commission Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in these respects as follows:

PARAGRAPH 1. Respondent Cordova District Fisheries Union, hereinafter referred to as respondent Union, is an unincorporated association, among whose members are individuals engaged in the digging and selling of clams in the Cordova and Bering River areas of Alaska. Its principal office and place of business is located at Cordova, Alaska.

Respondent Harold Z. Hansen is an individual and Executive Secretary of respondent Union with his office and place of business located at the same address.

Respondents Paul Graham, Knute Johnson and Edward King are individuals and members of the Executive Board of respondent Union.

The above named persons, individually and in their capacities as officials of respondent Union, have formulated, directed or controlled the policies and activities of said Union and in so doing have expressly

or impliedly authorized, performed, adopted or affirmed each of the acts and practices alleged in Paragraph Seven herein.

The acts and practices set forth in Paragraph Seven herein were performed by the above named officials of respondent Union, through the medium of said Union, with the approval of and on behalf of all its members and were intended to and did bind said members in the same manner and with the same effect as if they had individually engaged in same.

The members of respondent Union are too numerous and the changes in said Union's membership are too frequent to render it practicable to name as respondents and to bring before the Commission each and all members of respondent Union without manifest delay and inconvenience. Therefore, the Commission names and includes as respondents in this proceeding the above named officials of respondent Union, individually, as officials of respondent Union and as representing all members of said Union.

PAR. 2. Respondent G. P. Halferty & Co. is a corporation organized and existing under and by virtue of the laws of the State of Washington, with its principal office and place of business located at 512 Colman Building, Seattle 4, Washington.

The following respondents are individuals and officers of respondent G. P. Halferty & Co.: Guy P. Halferty, President; Verona B. Kuhnley, Vice-President; Frank E. McConaghy, Vice-President; Cecil P. Urfer, Secretary and Jay S. Gage, Assistant Secretary and Treasurer.

The above named respondents have their offices and place of business at the same address as respondent G. P. Halferty & Co. and individually and in their capacities as officers of said corporation have formulated, directed or controlled the policies and business practices of respondent G. P. Halferty & Co. and in so doing have expressly or impliedly authorized, performed, adopted or affirmed each of the acts and practices alleged in Paragraph Seven herein.

PAR. 3. Respondent Halferty Canneries, Inc. is a corporation organized and existing under and by virtue of the laws of the State of Washington, with its principal office and place of business located at 512 Colman Building, Seattle 4, Washington. It is a wholly owned subsidiary of respondent G. P. Halferty & Co. and operates a clam packing plant at Cordova, Alaska.

The following respondents are individuals and officers of respondent Halferty Canneries, Inc.: Guy P. Halferty, President; Frank E. McConaghy, Vice-President; Cecil P. Urfer, Vice-President; Verona B. Kuhnley, Secretary and Jay S. Gage, Assistant Secretary and Treasurer.

The above named respondents have their offices and place of business at the same address as respondent Halferty Canneries, Inc. and individually and in their capacities as officers of said corporation have formulated, directed or controlled the policies and business practices of respondent Halferty Canneries, Inc. and in so doing have expressly or impliedly authorized, performed, adopted or affirmed each of the acts and practices alleged in Paragraph Seven herein.

PAR. 4. All of the fishermen members of respondent Union, including clam diggers, are independent fishermen who own or rent their boats and gear. None of said fishermen members of respondent Union are employees of either of the corporate respondents herein. Respondent Union is the medium whereby its officials and clam digger members have performed the acts and practices hereinafter alleged in Paragraph Seven.

PAR. 5. Respondent Halferty Canneries, Inc. is wholly owned and controlled by respondent G. P. Halferty & Co. The same persons are officers of both corporations. Each of the acts and practices hereinafter alleged to have been performed by respondent Halferty Canneries, Inc. has been expressly or impliedly authorized, adopted or affirmed by respondent G. P. Halferty & Co.

PAR. 6. Respondent Halferty Canneries, Inc. makes substantial sales of clams, purchased from clam digger members of respondent Union and canned at its Cordova packing plant, to customers located in various States of the United States and causes clams so sold to be transported from the territory of Alaska to such customers. The clam packing plant operated by respondent Halferty Canneries, Inc. is the only large clam packing plant in Alaska. Gross sales of clams by respondent Halferty Canneries, Inc. for the year 1953 amounted to $716,000. Both corporate respondents and the clam digger members of respondent Union have been and are now engaged in commerce in clams as "commerce" is defined in the Federal Trade Commission Act.

PAR. 7. In the course and conduct of their businesses, respondents G. P. Halferty & Co. and Halferty Canneries, Inc. are in competition with others likewise engaged in the purchasing, canning and selling of clams, except as such competition has been restrained or destroyed as hereinafter set forth.

Also except as such competition has been restrained or destroyed as hereinafter set forth, the clam digger members of respondent Union are in competition with each other in digging for clams and offering for sale and selling same to respondent Halferty Canneries, Inc.

PAR. 8. Pursuant to authority conferred by Act of Congress, the United States Department of the Interior annually issues regulations for the various Districts of Alaska establishing the seasons for digging clams, fixing limitations on the size and amount of clams to be taken and prescribing the type of equipment to be used.

The statute conferring regulatory powers over Alaska fisheries upon the Department of the Interior provides that no citizen of the United States shall be denied the right to dig for clams in any area of Alaska where fishing is permitted by the Secretary of the Interior.

Fishing is permitted by the Secretary of the Interior during specified seasons in the Cordova and Bering River areas of Alaska.

The regulations issued by the Department of the Interior covering the Cordova and Bering River areas of Alaska do not restrict, and under law could not restrict, the digging of clams to residents of these areas.

The distinction made by the Territory of Alaska in licensing resident and non-resident fishermen is for revenue purposes only and does not have the purpose or effect of excluding non-residents from digging for clams in Alaska.

PAR. 9. Respondent officers, board members and members of respondent Union, acting through and by means of respondent Union; respondents G. P. Halferty & Co. and Halferty Canneries, Inc.; and respondent officers of said corporate respondents have entered into and for more than three years last past have carried out an agreement, understanding, combination or conspiracy between and among themselves which has the purpose and effect of restricting, restraining, supporting and eliminating competition in the digging of clams and in the offering for sale, sale and distribution of clams in commerce in the Territory of Alaska.

As part of, pursuant to, and in furtherance of said agreement, understanding, combination or conspiracy, respondents have agreed to perform and they have performed the following acts and practices:

1. Determined, fixed and maintained the prices, terms and conditions at which clam digger members of respondent Union have offered for sale and sold raw clams;

2. Prevented the digging of clams and the offering for sale and selling of same in the Cordova and Bering River areas of Alaska unless and until the annual contract fixing the prices, terms and conditions at which such clams should be sold was entered into by respondents Union and Halferty Canneries, Inc.;

3. Prevented citizens of the United States who are not residents of the Prince William Sound region from digging for clams in the

Cordova and Bering River areas of Alaska for the purpose of offering for sale and selling same to respondent Halferty Canneries, Inc.;

4. Prevented citizens of the United States who were not members of respondent Union from digging for clams in the Cordova and Bering River areas of Alaska for the purpose of offering for sale and selling same to respondent Halferty Canneries, Inc.;

5. Restricted the offering for sale and sale of raw clams by clam digger members of respondent Union to respondent Halferty Canneries, Inc.

PAR. 10. The results and effects of the aforesaid agreement, understanding, combination or conspiracy and the acts and practices agreed upon and carried out as part of, pursuant thereto and in furtherance thereof have been and are to tend to:

1. Unduly enhance the price which the consuming public is required to pay for canned clams;

2. Limit the amount of clams dug in the Cordova and Bering River areas of Alaska;

3. Deny citizens of the United States the right to dig for clams in the Cordova and Bering River areas of Alaska and thus to prevent them from pursuing a means of livelihood;

4. Create a monopoly in respondents in the clam industry in the Cordova and Bering River areas of Alaska.

PAR. 11. The acts and practices of respondents as hereinabove alleged are all to the prejudice of the public, have a dangerous tendency to unduly hinder competition and to create a monopoly in respondents in the clam industry in the Cordova and Bering River areas of Alaska, and constitute unfair methods of competition in commerce within the intent and meaning of Section 5 of the Federal Trade Commission Act.

INITIAL DECISION BY J. EARL COX, HEARING EXAMINER

The respondents named in the complaint in this proceeding are charged with having engaged in acts and practices which have a tendency unduly to hinder competition and to create a monopoly in the clam industry in the Cordova and Bering River areas of Alaska and constitute unfair methods of competition, in violation of Section 5 of the Federal Trade Commission Act.

Respondents represent two phases of the clam industry—(a) G. P. Halferty & Co., a corporation organized, existing and doing business under and by virtue of the laws of the State of Washington, with its principal office and place of business located in the Colman Building, Seattle 4, Washington; Halferty Canneries, Inc., a wholly-owned sub-

sidiary of respondent G. P. Halferty & Co., incorporated and doing business in the same State and at the same address as its principal, and operating a clam-packing plant at Cordova, Alaska; and Guy P. Halferty, Verona B. Kuhnley, Frank E. McConaghy, Cecil P. Urfer and Jay S. Gage, individually and as officers and directors of the corporate respondents above named, are purchasers of raw clams. (b) Cordova District Fisheries Union, an unincorporated association among whose members are individuals engaged in the digging and selling of clams in the Cordova and Bering River areas of Alaska, with its principal office and place of business at Cordova, Alaska; Harold Z. Hansen individually and as Executive Secretary of said association, and Paul Graham, Knute Johnson, and Edward King, individually and as members of the Executive Board of said association, are engaged or primarily interested in digging and selling clams.

The two groups of respondents filed separate answers to the complaint, and thereafter entered into separate stipulations with counsel in support of the complaint for consent orders, which have been approved by the Director and Assistant Director, Bureau of Litigation, and submitted to the hearing examiner.

The stipulations provide, among other things, that respondents admit all the jurisdictional allegations set forth in the complaint and that the record herein may be taken as if findings of jurisdictional facts had been made in accordance with such allegations; that the stipulations, together with the complaint, shall constitute the entire record herein; that the complaint may be used in construing the order agreed upon, which may be altered, modified or set aside in the manner provided by the statute for orders of the Commission; that the signing of the stipulations is for settlement purposes only and does not constitute an admission by respondents that they have violated the law as alleged in the complaint; and that the order provided for in the stipulations and hereinafter included in this decision shall have the same force and effect as if made after a full hearing, presentation of evidence and findings and conclusions thereon.

All parties request that the answers heretofore filed by respondents in this proceeding be withdrawn, and expressly waive hearings before a hearing examiner or the Commission, the making of findings of fact or conclusions of law by the hearing examiner or the Commission, the filing of exceptions and oral argument before the Commission, and all further and other procedure before the hearing examiner and the Commission to which respondents may be entitled under the Federal Trade Commission Act or the Rules of Practice of the Commission, including any and all right, power or privilege to challenge or contest the validity of the order entered in accordance with the stipulations.

The stipulations contain separate orders specifically applicable to the particular phases of the industry in which each group of respondents is engaged. Together these orders dispose of all the charges contained in the complaint, and substantially conform to the proposed order contained in the notice accompanying said complaint. The stipulations for consent order are therefore accepted; respondents' answers to the complaint herein may be withdrawn; this proceeding is found to be in the public interest; and the following order, which consists of all the provisions contained in the orders agreed upon, is issued; Accordingly,

ORDER

It is ordered, That respondent G. P. Halferty & Co., a corporation, its officers, representatives, agents and employees; respondent Halferty Canneries, Inc., a corporation, its officers, representatives, agents and employees; respondents Guy P. Halferty, Verona B. Kuhnley, Frank E. McConaghy, Cecil P. Urfer and Jay S. Gage, individually and as officers, and directors of respondents G. P. Halferty & Co., and Halferty Canneries, Inc., and their respective representatives, agents and employees, directly or through any corporate or other device in connection with the purchasing and distribution of raw clams dug in any fishing area or district of Alaska, do forthwith cease and desist from entering into, continuing, cooperating in or carrying out any agreement, understanding, combination or conspiracy between any one or more of said respondents, on the one hand, and any one or more of the following respondents, on the other hand, to wit: Cordova District Fisheries Union, its officers, representatives and agents; Harold Z. Hansen, Paul Graham, Knute Johnson and Edward King; the members of said Union and their agents, representatives and employees; or others not parties hereto, to do or perform any of the following acts:

1. Fixing, establishing, maintaining or adhering to or attempting to fix, establish, maintain or cause adherence to, by any means or method, uniform or minimum prices for the purchase of raw clams;

2. Jointly or collectively negotiating, bargaining or agreeing, by any means or method, as to the price or prices at which raw clams are to be purchased;

3. Purchasing raw clams only from residents of the Prince William Sound Region of Alaska;

4. Purchasing raw clams only from members of respondent Cordova District Fisheries Union;

5. Preventing clam diggers from offering for sale and selling raw clams to any other purchaser than G. P. Halferty & Co., and Halferty Canneries, Inc.

Provided, however, That nothing herein contained shall be deemed to prohibit respondents G. P. Halferty & Co., and Halferty Canneries, Inc., from entering into or continuing a bona fide partnership, joint operation or venture, or consolidation, for the purpose of operating one or more canneries, and in which the prices paid for raw clams are determined by said partnership, joint operation or venture, or consolidation, and where such determination is, under the contract establishing such partnership, joint operation or venture, or consolidation, binding upon all members thereof. This proviso shall not be construed as either an approval or a disapproval of any specific partnership, joint operation or venture, or consolidation, nor as permitting any such partnership, joint operation or venture, or consolidation, to be continued or formed for the purpose or with the effect directly or indirectly of rendering ineffective or unenforceable the inhibitions of this order and the purposes thereof.

It is further ordered, That respondent Cordova District Fisheries Union, an unincorporated association, its officers, representatives, agents and members; respondent Harold Z. Hansen, individually, as Executive Secretary of respondent Union and as representing all members of said Union; respondents Paul Graham, Knute Johnson and Edward King, individually, as members of the Executive Board of respondent Union and as representing all members of said respondent Union, all of whom are deemed to be parties respondent to this proceeding, and the agents, representatives and employees of each of said respondents, directly or through any corporate or other device, in connection with the offering for sale, sale and distribution of raw clams dug in any fishing area or district of Alaska, do forthwith cease and desist from entering into, continuing, cooperating in or carrying out any agreement, understanding, combination or conspiracy between any two or more of said respondents or between any one or more of said respondents and others not parties hereto to do or perform any of the following acts:

1. Fixing, establishing, maintaining or adhering to or attempting to fix, establish, maintain or cause adherence to, by any means or method, uniform or minimum prices for the sale of raw clams;

2. Jointly or collectively negotiating, bargaining or agreeing, by any means or method, as to the price or prices at which raw clams are to be offered for sale or sold;

3. Authorizing or empowering any association, group, corporation or union to negotiate, bargain or agree as to the selling price or prices of raw clams;

4. Preventing, by any means or method, non-residents of the Prince William Sound region of Alaska from digging for clams

in the Cordova and Bering River areas of Alaska, or offering for sale and selling raw clams to any purchaser thereof;

5. Preventing, by any means or method, non-members of Respondent Cordova District Fisheries Union from digging for clams in the Cordova and Bering River areas of Alaska or offering for sale and selling raw clams to any purchaser thereof;

6. Preventing, by any means or method, clam diggers from offering for sale and selling raw clams to other purchasers than respondents G. P. Halferty & Co., and Halferty Canneries, Inc.

Provided, however, That nothing herein contained shall prevent any association of bona fide clam diggers from acting pursuant to and in accordance with the provisions of the Fisheries Cooperative Marketing Act (15 U. S. C. A. Secs. 521 and 522) and from performing any of the acts and practices permitted by said Act; and

Provided further, That nothing herein contained shall prevent collective bargaining between Respondent Cordova District Fisheries Union and any employer with respect to wages and working conditions of any employee members of said Union within those fishing districts wherein they may be.

DECISION OF THE COMMISSION AND ORDER TO FILE REPORT OF COMPLIANCE

Pursuant to Sec. 3.21 of the Commission's Rules of Practice, the initial decision of the hearing examiner shall, on the 16th day of July, 1955, become the decision of the Commission; and, accordingly:

It is ordered, That respondents Cordova District Fisheries Union, an unincorporated association, and Harold Z. Hansen, individually, as Executive Secretary of Cordova District Fisheries Union and as representing all members of Cordova District Fisheries Union, and Paul Graham, Knute Johnson, and Edward King, individually, as members of the Executive Board of Cordova District Fisheries Union and as representing all members of Cordova District Fisheries Union; G. P. Halferty & Co., a corporation and Haferty Canneries, Inc., a corporation, and Guy P. Halferty, Verona B. Kuhnley, Frank E. McConaghy, Cecil B. Urfer, and Jay S. Gage, individually and as officers of G. P. Halferty & Co. and Halferty Canneries, Inc., shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with the order to cease and desist.

IN THE MATTER OF

A. J. EINBENDER ET AL. TRADING AS EINBENDERS AND THE VOGUE

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

Docket 6300. Complaint, Feb. 25, 1955—Decision, July 16, 1955

Consent order requiring furriers in St. Joseph, Mo., to cease false advertising, false invoicing, and misbranding of fur products, and otherwise failing to comply with requirements of the Fur Products Labeling Act.

Before *Mr. Everett F. Haycraft*, hearing examiner.

Mr. John J. McNally and *Mr. Joseph Callaway* for the Commission.

Lyon, Wilmer & Bergson, of Washington, D. C., and *Mr. Louis Kranitz*, of St. Joseph, Mo., for respondents.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Fur Products Labeling Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that A. J. Einbender, Sylvia B. Einbender, Lester L. Einbender, and Edwin I. Einbender, individually and as copartners trading and doing business under the firm names of Einbenders and The Vogue, hereinafter referred to as respondents, have violated the provisions of said Acts and the Rules and Regulations promulgated under the Fur Products Labeling Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondents A. J. Einbender, Sylvia B. Einbender, Lester L. Einbender, and Edwin I. Einbender are individuals and copartners trading and doing business under the firm names of Einbenders and The Vogue, with their office and principal place of business located at 701 S. Eighth Street, St. Joseph, Missouri, and a branch store located at 724 Felix Street in the same city. Said individual respondents formulate, direct, and control the acts, practices, and policies of the said business.

PAR. 2. Subsequent to the effective date of the Fur Products Labeling Act on August 9, 1952, the respondents have been, and are now, engaged in the introduction into commerce, and in the sale, advertising, and offering for sale in commerce, and the transportation and distribution in commerce, of fur products, and have sold, advertised,

offered for sale, transported, and distributed fur products which have been made in whole or in part of fur which had been shipped and received in commerce, as "commerce," "fur," and "fur products" are defined in the Fur Products Labeling Act.

PAR. 3. Certain of said fur products were misbranded in that they were not labeled as required under the provisions of Section 4 (2) of the Fur Products Labeling Act and in the manner and form prescribed by the Rules and Regulations promulgated thereunder.

PAR. 4. Certain of said fur products were misbranded in that, on labels attached thereto, respondents set forth the name of an animal other than the name of the animal that produced the fur contained in the fur product, in violation of Section 4 (3) of the Fur Products Labeling Act and the Rules and Regulations thereunder.

PAR. 5. Certain of said fur products were misbranded in that respondents, on labels attached to fur products, mingled non-required information with required information and used handwriting in setting forth parts of the required information, in violation of the Fur Products Labeling Act and Rule 29 of the Regulations thereunder.

PAR. 6. Certain of said fur products were falsely and deceptively invoiced in that they were not invoiced as required under the provisions of Section 5 (b) (1) of the Fur Products Labeling Act and in the manner and form prescribed by the Rules and Regulations promulgated thereunder.

PAR. 7. Certain of said fur products were falsely and deceptively advertised, in violation of the Fur Products Labeling Act, in that respondents caused the dissemination in commerce, as "commerce" is defined in said Act, of certain advertisements concerning said fur products by means of newspapers and by various other means, which advertisements were not in accordance with the provisions of Section 5 (a) of the Fur Products Labeling Act and of the Rules and Regulations promulgated under said Act, and which advertisements were intended to and did aid, promote, and assist, directly or indirectly, in the sale and offering for sale of said fur products.

PAR. 8. Among and including the advertisements as aforesaid, but not limited thereto, were advertisements of respondents which appeared in various issues of the "St. Joseph News-Press" and the "St. Joseph Times-Review," publications having wide circulation in the State of Missouri and in the adjacent areas of other States of the United States.

By means of the aforesaid advertisements, and through others of similar import and meaning, not specifically referred to herein, the respondents falsely and deceptively:

(a) Failed to disclose the name or names of the animal or animals producing the fur or furs contained in the fur products as set forth in the Fur Products Name Guide, in volation of Section 5 (a) (1) of the Fur Products Labeling Act;

(b) Failed to disclose that fur products contained or were composed of bleached, dyed or otherwise artificially colored fur, when such is the fact, in violation of Section 5 (a) (3) of the Fur Products Labeling Act;

(c) Contained the name or names of an animal or animals other than those producing the fur contained in the fur product, in violation of Section 5 (a) (5) of the Fur Products Labeling Act;

(d) Failed to disclose the name of the country of origin of imported furs contained in such fur products, in violation of Section 5 (a) (6) of the Fur Products Labeling Act.

PAR. 9. The aforesaid acts and practices of respondents, as herein alleged, were in violation of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder, and constituted unfair and deceptive acts and practices in commerce under the Federal Trade Commission Act.

INITIAL DECISION BY EVERETT F. HAYCRAFT, HEARING EXAMINER

The Federal Trade Commission issued its complaint against the above-named respondents on February 25, 1955, charging them with the use of unfair methods of competition and unfair acts and practices in commerce, in violation of the provisions of the Federal Trade Commission Act, the Fur Products Labeling Act, and the Rules and Regulations promulgated under the Fur Products Labeling Act. After being duly served with said complaint and after answering said complaint, the respondents entered into a stipulation with counsel supporting the complaint, dated May 11, 1955, providing for the entry of a consent order disposing of all the issues in this proceeding. Said stipulation has been submitted to the above-named hearing examiner, heretofore duly designated by the Commission, for his consideration in accordance with Rule V of the Commission's Rules of Practice.

Respondents, pursuant to the aforesaid stipulation, have admitted all the jurisdictional allegations of the complaint and agreed that the record herein may be taken as if the Commission had made findings of jurisdictional facts in accordance with such allegations. Said stipulation further provides that the answer heretofore filed in this proceeding by respondents be withdrawn and that all parties expressly waive a hearing before the hearing examiner or the Commission, and

all further and other procedure to which the respondents may be entitled under the Federal Trade Commission Act or the Rules of Practice of the Commission. Respondents have also agreed that the order to cease and desist issued in accordance with said stipulation shall have the same force and effect as if made after a full hearing, and specifically waive any and all right, power, or privilege to challenge or contest the validity of said order. Respondents have also agreed that the said stipulation, together with the complaint, shall constitute the whole record herein. It has been further stipulated and agreed that the complaint herein may be used in construing the terms of the order provided for in said stipulation; that the signing of said stipulation is for settlement purposes only and does not constitute an admission by respondents that they have violated the law as alleged in the complaint; and that said stipulation is subject to approval in accordance with Rules V and XXII of the Commission's Rules of Practice, and that said order shall have no force and effect unless and until it becomes the order of the Commission.

Counsel supporting the complaint in transmitting said stipulation to the hearing examiner has stated that it is his belief that the said respondents do not own and operate "The Vogue" as a branch store of "Einbenders" in the sale of fur garments, as alleged in the complaint, and as a consequence, the order in the said stipulation does not contain the name of "The Vogue." However, in his opinion, the said order includes within its purview any possible violation of the Fur Act by any of respondents under any name including "The Vogue."

This proceeding having now come on for final consideration by the hearing examiner on the complaint and the aforesaid stipulation for consent order, and it appearing that said stipulation provides for an appropriate disposition of this proceeding, the same is hereby accepted and ordered filed as part of the record herein by the hearing examiner, who allows the respondents to withdraw their said answer and makes the following findings, for jurisdictional purposes, and order:

1. Respondents A. J. Einbender, Sylvia B. Einbender, Lester L. Einbender, and Edwin I. Einbender, are individuals and copartners trading as Einbenders, with their office and principal place of business located at 701 S. Eighth Street, St. Joseph, Missouri.

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

ORDER

It is ordered, That respondents A. J. Einbender, Sylvia B. Einbender, Lester L. Einbender, and Edwin I. Einbender, individually and as copartners trading and doing business under the firm name of Einbenders, or under any other trade name or names, and respondents' representatives, agents, and employees, directly or through any corporate or other devise, in connection with the introduction into commerce, or the sale, advertising, or offering for sale in commerce, or the transportation or distribution in commerce, of fur products, or in connection with the offering for sale, sale, advertising, transportation, or distribution of fur products which have been made in whole or in part of fur which had been shipped and received in commerce, as "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act, do forthwith cease and desist from:

A. Misbranding fur products by:

(1) Failing to affix labels to fur products showing:

a. The name or names of the animal or animals producing the fur or furs contained in the fur product as set forth in the Fur Products Name Guide and as prescribed under the Rules and Regulations;

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

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

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

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

f. The name of the country of origin of any imported furs used in the fur product.

(2) Setting forth, on labels attached to fur products, the name or names of any animal or animals other than the name or names provided for in Paragraph A (1) (a) above.

(3) Setting forth on labels attached to fur products:

a. Non-required information mingled with required information;

b. Required information in handwriting.

B. Falsely or deceptively invoicing fur products by:

(1) Failing to furnish invoices to purchasers of fur products showing:

a. The name or names of the animal or animals producing the fur or furs contained in the fur product, as set forth in the Fur Products Name Guide and as prescribed under the Rules and Regulations;

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

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

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

e. The name and address of the person issuing such invoices;

f. The name of the country of origin of any imported furs contained in the fur product.

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

(1) Fails to disclose:

a. The name or names of the animal or animals producing the fur or furs contained in the fur products as set forth in the Fur Products Name Guide and as prescribed under the Rules and Regulations;

b. That the fur products contain or are composed of bleached, dyed, or otherwise artificially colored fur, when such is the fact;

c. The name of the country of origin of any imported furs contained in fur products.

(2) Contains the name or names of any animal or animals other than the name or names provided for in Paragraph C (1) (a) above.

DECISION OF THE COMMISSION AND ORDER TO FILE REPORT OF COMPLIANCE

Pursuant to Sec. 3.21 of the Commission's Rules of Practice, the initial decision of the hearing examiner shall, on the 16th day of July, 1955, become the decision of the Commission; and, accordingly:

It is ordered, That respondents A. J. Einbender, Sylvia B. Einbender, Lester L. Einbender, and Edwin I. Einbender, individually and as copartners trading as Einbenders, shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with the order to cease and desist.

IN THE MATTER OF

ROBERT L. KNIFFEN TRADING AS NATIONAL SALES AND SERVICE COMPANY AND AS GRECO MANUFACTURING COMPANY

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

Docket 6315. Complaint, Mar. 22, 1955—Decision, July 21, 1955

Consent order requiring a seller in Fort Wayne, Ind., to cease use of "bait" advertising in newspapers purportedly seeking employees but actually designed to sell his vending machines and supplies, which made false representations as to qualifications and requirements for prospects, opportunities. possible profits, etc.

Before *Mr. Earl J. Kolb*, hearing examiner.
Mr. William R. Tincher for the Commission.
Mr. Edwin R. Thomas, of Fort Wayne, Ind., for respondent.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that Robert L. Kniffen, an individual, trading as National Sales and Service Company, and as Greco Manufacturing Company, hereinafter referred to as respondent, has violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Robert L. Kniffen is an individual trading as National Sales and Service Company and as Greco Manufacturing Company. Respondent is now, and for more than one year last past has been, engaged in the promotion, sale and distribution of vending machines, vending machine supplies, greeting card display equipment and greeting cards. Respondent's office and principal place of business is located at 3406 South Monroe Street, Fort Wayne, Indiana. Said products are sold directly to purchasers through the respondent and through salesmen who travel in various States of the United States.

PAR. 2. In the course and conduct of his business, respondent now causes and has caused said products, when sold, to be transported from his place of business in the State of Indiana to purchasers thereof

located in various other States of the United States. Respondent maintains, and at all times mentioned herein has maintained, a substantial course of trade, in commerce, in said products.

PAR. 3. Respondent at all times mentioned herein has been in substantial competition, in commerce, with other persons and with corporations, firms and partnerships engaged in the sale of similar products.

PAR. 4. In the course and conduct of said business and for the purpose of inducing the purchase of said products, respondent has made various statements and representations concerning his said products and business methods through his salesmen and through advertisements inserted in newspapers, periodicals, letters, and other advertising literature circulated generally among the purchasing public. Typical newspaper advertisements, but not all inclusive, are as follows:

$400 MONTHLY POSSIBLE, WE WILL SELECT A RELIABLE PERSON FROM THIS AREA TO REFILL AND COLLECT MONEY FROM OUR NEW AUTOMATIC MERCHANDISING MACHINES, NO SELLING. TO QUALIFY APPLICANT MUST HAVE CAR, GOOD REFERENCES, AND $600 WORKING CAPITAL WHICH IS SECURED BY INVENTORY. DEVOTING 8 TO 10 HOURS PER WEEK MAY NET UP TO $400 MONTHLY, WITH AN EXCELLENT OPPORTUNITY OF TAKING OVER FULLTIME. WE WILL ALLOW PERSON WE SELECT LIBERAL FINANCIAL ASSISTANCE FOR EXPANSION. FOR INTERVIEW, WRITE, GIVING FULL PARTICULARS, NAME, ADDRESS, AGE AND PHONE NUMBER TO NATIONAL SALES & SERVICE CO., 3436 MONROE ST., FT. WAYNE, IND.

Spare time income. No selling. Up to $400.00 a month possible. We will select a reliable person from this area to service our new chain of Greeting Card display cases. Applicant selected must have car, good references, 8 hours week spare time, $619.50 working capital which is secured by inventory. For interview write, giving full particulars, age, name, address, phone number to Greco, Box ____ This paper.

PAR. 5. Through the use of the statements set forth in Paragraph Four and others similar thereto but not specifically set out therein, respondent has represented and does now represent, directly or by implication, to a substantial portion of the purchasing public, that:

1. Respondent offers employment to certain selected persons.

2. Persons selected will operate and service vending machines or display equipment owned by respondent.

3. Persons selected must have a car, good references, and a specified sum of money.

4. Persons selected will invest $600 or $619.50, depending on which advertisement is read, which is to be used as working capital and

which will be secured by an inventory of merchandise worth the amount invested.

5. Persons selected will not be required to engage in any selling.

6. Persons selected may receive $400 a month if they will work eight to ten hours a week.

7. Persons selected may be allowed by respondent to work full time and thus receive even more than $400 monthly.

8. If the persons selected desire to expand, respondent will give them financial assistance.

9. The persons selected will be given an exclusive territory in which to locate and sell.

PAR. 6. The foregoing representations and implications are grossly exaggerated, false, and misleading. In truth and in fact:

1. Respondent is not offering employment to persons reading his advertisements.

2. Respondent is not seeking employees to operate and service vending machines or display equipment owned by respondent but is seeking purchasers of said machines and equipment and merchandise to be vended therefrom.

3. The only qualification necessary to participate in respondent's proposal is to possess $600 or $619.50, depending on which advertisement is answered. Respondent does not require that persons answering the advertisements possess a car and good references.

4. The amount required is a purchase price for said machines or display equipment and is not used as working capital and is not secured by an inventory of merchandise worth a major or reasonable portion of that amount.

5. Purchasers of respondent's products are required to engage in extensive canvassing and selling.

6. Purchasers of respondent's products do not earn $400 a month or even a major or reasonable portion of that amount. The quoted figure is a theoretical possibility under perfect conditions. Actually, earnings are very small and, in many cases, non-existent. This is true irrespective of the number of hours per week devoted to the work.

7. Respondent merely sells his products and has no control over or interest in how many hours the purchasers thereof work. Said purchasers do not earn more than $400 a month by working full time.

8. Respondent does not give financial assistance to purchasers of his products desiring to expand their operations. Such persons can expand only by purchasing more merchandise from respondent.

9. Respondent does not give purchasers of his products an exclusive territory in which to locate and sell.

PAR. 7. In the course and conduct of his said business, respondent employs salesmen who conduct and solicit business for respondent in various States of the United States other than Indiana. Respondent supplies these salesmen with sales aids and literature and directs them to call upon those members of the general public who request an interview as a result of reading respondent's aforesaid advertisements. When making such calls, respondent's salesmen orally make many statements, among and typical of which are the following:

1. No selling will be required for purchasers of respondent's products.

2. Persons purchasing respondent's products may earn up to $400 a month for part time work and much larger amounts by working full time.

3. No difficulty will be encountered in discovering and obtaining locations for the vending machines or display equipment purchased from respondent.

4. Respondent or his representatives will obtain or assist in obtaining locations for vending machines or display equipment purchased from respondent.

5. Respondent or his representatives will dispose of or assist in the disposal of vending machines or display equipment purchased from respondent in the event the venture is not profitable.

6. Respondent will refund the purchase money, less only a very nominal discount, to any dissatisfied purchaser of respondent's products.

7. Purchasers of respondent's products will be given an exclusive territory in which to locate and sell.

8. Respondent is a manufacturer or a producer of the products he offers for sale and sells.

9. Purchasers of respondent's products will be protected by respondent with a $50,000 liability insurance policy in the event any person is injured by said products.

PAR. 8. The statements and representations set out in Paragraph 7 are false, misleading, and deceptive. In truth and in fact:

1. Extensive selling is required to conduct the intended business.

2. Monthly earnings are not $400 and in most cases are very small or, in many cases, nonexistent. This is true irrespective of the number of hours worked, and persons working full time do not receive over $400 monthly.

3. A great deal of difficulty is encountered in discovering and obtaining locations for the purchased vending machines or display equipment.

4. Respondent, or his representatives does not obtain or assist in obtaining locations but, on the contrary, the purchasers must obtain such locations.

5. Respondent, or his representatives, does not dispose of or aid the purchaser in the disposal of the vending machines or display equipment if the venture is not profitable.

6. Respondent does not return the purchase price or any major portion thereof to a dissatisfied purchaser.

7. Respondent does not grant to purchasers an exclusive territory in which to locate and sell.

8. Respondent, with exception of the greeting card display equipment, is not a manufacturer or a producer of the products he offers for sale and sells.

9. Purchasers of respondent's products are not protected by respondent with liability insurance in the amount of $50,000 or in any other amount.

PAR. 9. The use by the respondent of the foregoing false, deceptive, and misleading statements, representations and practices, disseminated as aforesaid, in connection with the sale and distribution in commerce of said products has had and now has the tendency and capacity to and does mislead and deceive a substantial portion of the purchasers and prospective purchasers of said products into the erroneous and mistaken belief that such statements and representations are true and to the purchase of substantial quantities of the products offered for sale in commerce by respondent.

PAR. 10. The aforesaid acts and practices of respondent, as herein alleged, are all to the prejudice and injury of the public and of respondent's competitors and constitute unfair and deceptive acts and practices and unfair methods of competition, in commerce, within the intent and meaning of the Federal Trade Commission Act.

INITIAL DECISION BY EARL J. KOLB, HEARING EXAMINER

The complaint in this proceeding charges the respondent Robert L. Kniffen, an individual trading as National Sales and Service Company and as Greco Manufacturing Company, located at 3406 South Monroe Street, Fort Wayne, Indiana, with the use of unfair and deceptive acts and practices and unfair methods of competition in commerce in violation of the provisions of the Federal Trade Commission Act, in connection with the sale and distribution of vending machines, vending machine supplies, greeting card display equipment and greeting cards.

After the issuance of the said complaint and the filing of answer thereto, the respondent entered into a stipulation for a consent order with counsel for the complaint disposing of all the issues in this proceeding, which stipulation was duly approved by the Director and Assistant Director of the Bureau of Litigation. It was expressly provided in said stipulation that the signing thereof is for settlement purposes only and does not constitute an admission by respondent that he has violated the law as alleged in the complaint.

By the terms of said stipulation, the respondent admitted all the jurisdictional allegations of the complaint and agreed that the record herein may be taken as if the Commission had made findings of jurisdictional facts in accordance with such allegations. By said stipulation all parties expressly waived the filing of answer, a hearing before the hearing examiner or the Commission, the making of findings of fact or conclusions of law by the hearing examiner or the Commission, the filing of exceptions and oral argument before the Commission, and all further and other procedure before the hearing examiner and the Commission to which the respondent may be entitled under the Federal Trade Commission Act or the Rules of Practice of the Commission.

By said stipulation, respondent further agreed that the order to cease and desist, issued in accordance with said stipulation, shall have the same force and effect as if made after a full hearing, presentation of evidence, and findings and conclusions thereon, and specifically waived any and all right, power or privilege to challenge or contest the validity of such order.

It was further provided that said stipulation, together with the complaint, shall constitute the entire record herein, that the complaint herein may be used in construing the terms of the order issued pursuant to said stipulation, and that said order may be altered, modified or set aside in the manner prescribed by the statute for orders of the Commission.

The hearing examiner has considered such stipulation and the order therein contained, and, it appearing that said stipulation and order provides for appropriate disposition of this proceeding, the same is hereby accepted and made a part of the record and in consonance with the terms of said stipulation, the hearing examiner finds that the Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent named herein, and that this proceeding is in the interest of the public, and issues the following order:

ORDER

It is ordered, That respondent, Robert L. Kniffen, an individual, trading as National Sales and Service Company or Greco Manufacturing Company, or trading under any other name, and his agents, representatives and employees, directly or through any corporate or other device, in connection with the offering for sale, sale and distribution of vending machines, vending machine supplies, greeting card display equipment, greeting cards, or other merchandise, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using advertisements which represent directly or by implication that employment is offered by respondent to selected persons when in fact the real purpose of the advertisement is to obtain purchasers for respondent's products.

2. Representing that the cash investment required to purchase respondent's products is secured, either by an inventory of merchandise or otherwise or is for use as working capital.

3. Representing as customary or regular earnings or profits to be derived from the operation of respondent's vending machines or greeting card display equipment any amount in excess of that which has in fact been customarily and regularly earned by operators of such machines and display equipment.

4. Representing that no selling will be required of persons purchasing respondent's products.

5. Representing that respondent will obtain satisfactory locations for said vending machines and greeting card display equipment, unless such locations are in fact obtained by respondent.

6. Representing that the territory allotted purchasers of such machines or display equipment is exclusive, unless respondent does in fact refrain from selling said merchandise and display equipment to other purchasers for operation in such designated territory.

7. Representing that respondent will refund the purchase money, less only a very nominal discount, to any dissatisfied purchaser of respondent's products, or will dispose of or assist in disposing of such products in the event the venture is not profitable.

8. Representing that respondent is a manufacturer or producer of the products he offers for sale if such is not the fact.

9. Representing that purchasers of respondent's products are protected by a liability insurance policy in the event any of such products causes injuries to any person.

10. Representing that respondent will give financial assistance to purchasers for expansion purposes.

DECISION OF THE COMMISSION AND ORDER TO FILE REPORT OF COMPLIANCE

Pursuant to Section 3.21 of the Commission's Rules of Practice, the initial decision of the hearing examiner shall, on the 21st day of July, 1955, become the decision of the Commission; and, accordingly:

It is ordered, That the respondent herein shall within sixty (60) days after service upon him of this order, file with the Commission a report in writing setting forth in detail the manner and form in which he has complied with the order to cease and desist.

IN THE MATTER OF

ISIDOR KOPELMAN ET AL. DOING BUSINESS AS MUTUAL HAT AND CAP CO.

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

Docket 6324. Complaint, Apr. 4, 1955—Decision, July 22, 1955

Consent order requiring a manufacturer in New York City to cease violating the Wool Products Labeling Act and the Federal Trade Commission Act through labeling as "100% wool", caps which contained a large percentage of reprocessed or reused wool, and failing to identify on tags or labels the manufacturer, etc., of certain caps.

Before *Mr. John Lewis*, hearing examiner.
Mr. Roslyn D. Young, Jr. for the Commission.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Wool Products Labeling Act of 1939, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Isidor Kopelman, and Charles Kopelman, individually and as copartners trading and doing business as Mutual Hat and Cap Co., hereinafter referred to as respondents, have violated the provisions of said Acts, and the Rules and Regulations promulgated under the Wool Products Labeling Act of 1939, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondents, Isidor Kopelman and Charles Kopelman, are individuals and copartners, trading and doing business under the name and style of Mutual Hat and Cap Co. with their offices and principal place of business located at 25 East 4th Street, New York, New York.

PAR. 2. Subsequent to the effective date of the Wool Products Labeling Act of 1939, and more especially during 1954, respondents have manufactured for introduction into commerce, introduced into commerce, sold, transported, distributed, delivered for shipment and offered for sale in commerce, as "commerce" is defined in said Act, wool products, as "wool products" are defined therein.

PAR. 3. Certain of said wool products were misbranded within the intent and meaning of Section 4 (a) (1) of said Wool Products

Labeling Act and the Rules and Regulations promulgated thereunder in that they were falsely and deceptively labeled or tagged with respect to the character and amount of the constitutent fibers contained therein.

Among such misbranded products were caps labeled or tagged as consisting of "100% wool," whereas in truth and in fact said caps did not consist of 100% wool as the term "wool" is defined in said Wool Products Labeling Act, but contained a large percentage of reprocessed or reused wool, as the terms "reprocessed" and "reused" wool are likewise defined therein.

PAR. 4. Certain of said wool products described as caps were further misbranded within the intent and meaning of Section 4 (a) (2) of the Wool Products Labeling Act of 1939 and the Rules and Regulations promulgated thereunder, in that they were not stamped, tagged or labeled as to disclose the name or the registered identification number of the manufacturer thereof, or of one or more persons subject to Section 3 of said Act with respect to said wool products.

PAR. 5. The acts and practices of respondents, as herein alleged, constitute misbranding of wool products and are in violation of the Wool Products Labeling Act of 1939 and the Rules and Regulations promulgated thereunder; and all of the aforesaid acts and practices, as alleged herein, are to the prejudice and injury of the public and constitute unfair and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act.

INITIAL DECISION BY JOHN LEWIS, HEARING EXAMINER

The Federal Trade Commission issued its complaint against the above-named respondents on April 4, 1955, charging them with having violated the Wool Products Labeling Act of 1939 and the Rules and Regulations promulgated thereunder, and the Federal Trade Commission Act, through the misbranding of certain wool products. After being duly served with said complaint, the respondents entered into a stipulation with counsel supporting the complaint, providing for the entry of a consent order disposing of all the issues in this proceeding. Said stipulation has been submitted to the above-named hearing examiner, heretofore duly designated by the Commission, for his consideration in accordance with Section 3.25 of the Commission's Rules of Practice.

Respondents, pursuant to the aforesaid stipulation, have admitted all the jurisdictional allegations of the complaint and agreed that the record herein may be taken as if the Commission had made findings of jurisdictional facts in accordance with such allegations. Said stipu-

lation further provides that all parties expressly waive a hearing before the hearing examiner or the Commission, and all further and other procedure to which the respondents may be entitled under the Federal Trade Commission Act or the Rules of Practice of the Commission. Respondents have also agreed that the order to cease and desist issued in accordance with said stipulation shall have the same force and effect as if made after a full hearing, and specifically waive any and all right, power, or privilege to challenge or contest the validity of said order. It has been further stipulated and agreed that the complaint herein may be used in construing the terms of the order provided for in said stipulation, and that the signing of said stipulation is for settlement purposes only and does not constitute an admission by respondents that they have violated the law as alleged in the complaint.

This proceeding having now come on for final consideration by the hearing examiner on the complaint and the aforesaid stipulation for consent order dated June 1, 1955, and it appearing that said stipulation provides for an appropriate disposition of this proceeding, the same is hereby accepted and ordered filed as part of the record herein by the hearing examiner, who makes the following findings, for jurisdictional purposes, and order:

1. Respondents, Isidor Kopelman and Charles Kopelman, are individuals and copartners, trading and doing business under the name and style of Mutual Hat and Cap Co., with their offices and principal place of business located at 25 East 4th Street, New York, New York.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents hereinabove named. The complaint states a course of action against said respondents under the Wool Products Labeling Act of 1939 and the Federal Trade Commission Act, and this proceeding is in the interest of the public.

ORDER

It is ordered, That the respondents, Isidor Kopelman and Charles Kopelman, individually and trading and doing business under the firm name of Mutual Hat and Cap Co., or under any other name or names, and their respective representatives, agents and employees, directly or through any corporate or other device in connection with the introduction or manufacture for introduction into commerce, or offering for sale, sale, transportation or distribution in commerce, as "commerce" is defined in the Federal Trade Commission Act and the Wool Products Labeling Act of 1939, of caps or other "wool products" as such products are defined in and subject to the Wool Products Labeling Act of 1939, which products contain, purport to contain, or in any way

are represented as containing "wool," "reprocessed wool" or "reused wool," as those terms are defined in said Act, do forthwith cease and desist from misbranding such products by:

1. Falsely or deceptively stamping, tagging, labeling or otherwise identifying such products as to the character or amount of the constituent fibers included therein;

2. Failing to securely affix to or place on each such product a stamp, tag, label or other means of identification showing in a clear and conspicuous manner;

(a) The percentage of the total fiber weight of such wool products, exclusive of ornamentation not exceeding five per centum of said total fiber weight, of (1) wool, (2) reprocessed wool, (3) reused wool, (4) such fiber other than wool where said percentage by weight of such fiber is five per centum or more, and (5) the aggregate of all other fibers;

(b) The maximum percentage of the total weight of such wool products, of any non-fibrous loading, filling, or adulterating matter;

(c) The name or the registered identification number of the manufacturer of such wool products or of one or more persons engaged in introducing such wool product into commerce, or in the offering for sale, sale, transportation, distribution or delivery for shipment thereof in commerce, as "commerce" is defined in the Wool Products Labeling Act of 1939.

Provided, That the foregoing provisions concerning misbranding shall not be construed to prohibit acts permitted by paragraphs (a) and (b) of Section 3 of the Wool Products Labeling Act of 1939, and

Provided further, That nothing contained in this order shall be construed as limiting any applicable provisions of said Act or the Rules and Regulations promulgated thereunder.

DECISION OF THE COMMISSION AND ORDER TO FILE REPORT OF COMPLIANCE

Pursuant to Sec. 3.21 of the Commission's Rules of Practice, the initial decision of the hearing examiner shall, on the 22nd day of July, 1955, become the decision of the Commission; and, accordingly:

It is ordered, That the respondents herein shall within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with the order to cease and desist.

IN THE MATTER OF

LOVELY LADY COMFORT CO. ET AL.

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

Docket 6338. Complaint, May 2, 1955—Decision, July 26, 1955

Consent order requiring a manufacturer in Philadelphia, Pa., to cease violating the Wool Products Labeling Act and the Federal Trade Commission Act, by labeling as "100% Reprocessed Wool," bed comforters made with battings which contained large quantities of non-woolen fibers, and through failing to label such comforters with the information required.

Before *Mr. James A. Purcell*, hearing examiner.

Mr. George Steinmetz for the Commission.

Mr. Benjamin Tannenbaum, of New York City, for respondents.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Wool Products Labeling Act of 1939, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Lovely Lady Comfort Co., a corporation, and Morton Cohen, individually, and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Lovely Lady Comfort Co., is a corporation organized and existing under and by virtue of the laws of the Commonwealth of Pennsylvania. Respondent Morton Cohen is president and treasurer of said respondent corporation, and this individual formulates, directs and controls the acts, policies and practices of said corporate respondent. The office and principal place of business of said respondents is located at 3rd and Ontario Streets, Philadelphia 40, Pennsylvania.

PAR. 2. Subsequent to the effective date of the Wool Products Labeling Act of 1939, and more especially since the commencement of the year 1953, respondents have manufactured for introduction into commerce, introduced, sold, transported, distributed, delivered for shipment and offered for sale in commerce, as "commerce" is defined in said Wool Products Labeling Act of 1939, wool products, as the term "wool Products" is defined therein.

PAR. 3. Certain of said wool products were misbranded within the meaning and intent of Section 4 (a) (1) of said Wool Products Labeling Act and of the Rules and Regulations promulgated thereunder in that they were falsely and deceptively labeled or tagged with respect to the character and amount of the constituent fibers composing the paddings or battings contained therein.

Among such misbranded wool products were bed comforters labeled or tagged by respondents as containing "100% Reprocessed Wool" and "50% Reprocessed Wool, 50% Rayon"; whereas, in truth and in fact, the paddings or battings contained therein did not consist of 100% reprocessed wool; or 50% reprocessed wool and 50% rayon; as the term "Reprocessed Wool" is defined in said Act, but contained lesser quantities of reprocessed wool, and reprocessed wool and rayon, and greater quantities of non-woolen and non-rayon fiber than represented by the respondents as aforesaid.

PAR. 4. Certain of said wool products described as bed comforters containing paddings or battings were misbranded in that they were not stamped, tagged or labeled as required under the provisions of Section 4 (a) (2) of said Wool Products Labeling Act and in the manner and form prescribed by the Rules and Regulations promulgated thereunder.

PAR. 5. The acts and practices of the respondents, as herein alleged, were and are in violation of the Wool Products Labeling Act of 1939 and the Rules and Regulations promulgated thereunder, and constitute unfair and deceptive acts and practices in commerce within the meaning and intent of the Federal Trade Commission Act.

INITIAL DECISION BY JAMES A. PURCELL, HEARING EXAMINER

1. The Federal Trade Commission on May 2, 1955, issued its complaint in this proceeding charging the respondents with violation of the Federal Trade Commission Act and of the Wool Products Labeling Act of 1939, as will more particularly appear by reference to said complaint. Due service of the complaint was had on the respondents and thereafter, on June 7, 1955, respondents entered into a Stipulation or Agreement for Consent Order with counsel supporting the complaint, all in conformity with Rule 3.25 of the Commission's Rules of Practice. Thereafter said Agreement was submitted to the hearing examiner who, being of opinion that the Agreement effectually disposes of all of the issues herein, hereby accepts same, with the proviso that this Initial Decision shall not become a part of the official record of this proceeding unless and until it becomes the official decision of the Commission.

2. The Agreement recites that respondents, Lovely Lady Comfort Co., a corporation, and Morton Cohen, individually and as an officer of said corporation, during all of the times mentioned therein have been engaged in the manufacture, sale and distribution of wool products in commerce, as "commerce" is defined in the said Wool Products Labeling Act of 1939; the Lovely Lady Comfort Co., is a corporation organized and existing under and by virtue of the laws of the Commonwealth of Pennsylvania with its office and principal place of business located at 3rd and Ontario Streets, Philadelphia 40, Pennsylvania; that the individual respondent, Morton Cohen, is president and treasurer of the corporate respondent and maintains his office and principal place of business at the same address.

3. By said Agreement respondents specifically admit all of the jurisdictional allegations set forth in the complaint and agree that the record herein may be taken as though the hearing examiner or the Commission had made findings of jurisdictional facts in accordance with such allegations; that the order therein agreed upon shall have the same force and effect as if made upon a full hearing, presentation of evidence and findings and conclusions based thereon, specifically waiving any and all right, power or privilege to contest the validity of said order; that the complaint herein may be used in construing the terms of said order, which order may be altered, modified or set aside in the manner provided by statute affecting orders of the Commission. All of the parties to said Agreement waived the filing of answer; hearing before a hearing examiner or the Commission; the making of findings of fact or conclusions of law by the hearing examiner or the Commission; the filing of exceptions and oral argument before the Commission; all further and other procedure before the hearing examiner and the Commission to which the respondents might otherwise, but for the execution of said Agreement or Stipulation, be entitled under the Federal Trade Commission Act or the Wool Products Labeling Act of 1939 or the Rules of Practice of the Commission. It was further agreed that the said Agreement or Stipulation, together with the complaint, shall constitute the entire record herein.

4. Pursuant to the intent of said Agreement and of the facts therein recited, and that the order embodied therein is identical to the order *nisi* accompanying the complaint, the hearing examiner, being of the opinion that the order agreed upon will effectually safeguard the public interest, finds that this proceeding is in the public interest and issues the following order:

ORDER

It is ordered, That the respondent, Lovely Lady Comfort Co., a corporation, and its officers, and respondent Morton Cohen, individually and as an officer of said corporation; and respondents' representatives, agents, and employees, directly or through any corporate or other device, in connection with the introduction or manufacture for introduction into commerce, or the offering for sale, sale, transportation or distribution in commerce, as "commerce" is defined in the Federal Trade Commission Act and the Wool Products Labeling Act of 1939, of bed comforters or other "wool products," as such products are defined in and are subject to the Wool Products Labeling Act of 1939; which products contain, purport to contain, or in any way are represented as containing "wool," "reprocessed wool," or "reused wool," as such terms are defined in said Act, do forthwith cease and desist from misbranding such products by:

1. Falsely or deceptively stamping, tagging, labeling, or otherwise identifying such products as to the character or amount of the constituent fibers included therein;

2. Failing to securely affix to or place on each such product a stamp, tag, label or other means of identification showing in a clear and conspicuous manner:

(a) The percentage of the total fiber weight of such wool product, exclusive of ornamentation not exceeding five percentum of said total fiber weight, of (1) wool, (2) reprocessed wool, (3) reused wool, (4) each fiber other than wool where said percentage by weight of such fiber is five percentum or more, and (5) the aggregate of all other fibers;

(b) the maximum percentage of the total weight of such wool product of any non-fibrous loading, filling, or adulterating matter;

(c) the name or the registered identification number of the manufacturer of such wool product, or of one or more persons engaged in introducing such wool product into commerce, or in the offering for sale, sale, transportation, distribution, or delivery for shipment thereof in commerce, as "commerce" is defined in the Wool Products Labeling Act of 1939.

Provided, That the foregoing provisions concerning misbranding shall not be construed to prohibit acts permitted by paragraphs (a) and (b) of Section 3 of the Wool Products Labeling Act of 1939, and

Provided further, That nothing contained in this order shall be construed as limiting any applicable provisions of said Act or the Rules and Regulations promulgated thereunder.

DECISION OF THE COMMISSION AND ORDER TO FILE REPORT OF COMPLIANCE

Pursuant to Sec. 3.21 of the Commission's Rules of Practice, the initial decision of the hearing examiner shall, on the 26th day of July, 1955, become the decision of the Commission; and, accordingly:

It is ordered, That the respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with the order to cease and desist.