own trade name or labels and thereafter distributing such products under The Bendix Corporation's trade name or labels, or (b) by reason of such concern's discontinuing the manufacture, production, marketing, distribution and/or sale of such products and thereafter transferring to The Bendix Corporation customer lists or in any other way making available to The Bendix Corporation access to customers or customer accounts.

X

The Bendix Corporation shall within sixty (60) days after the date of service of this order, and every ninety (90) days thereafter until The Bendix Corporation has fully complied with the provisions of this order, submit in writing to the Federal Trade Commission a report setting forth in detail the manner and form in which The Bendix Corporation intends to comply, is complying, or has complied with this order. All compliance reports shall include, among other things that may from time to time be required, a summary of all contacts and negotiations with potential purchasers of Fram Corporation, the identity of all such potential purchasers, and copies of all written communications to and from such potential purchasers.

XI

As used in this order the word "person" shall include all members of the immediate family of the individuals specified and shall include corporations, partnerships, associations and other legal entities, as well as natural persons.

IN THE MATTER OF

RICHARD A. ROMAIN TRADING AS EDUCATIONAL SERVICE COMPANY

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

Docket 8781. Amended and Supplemental Complaint, July 31, 1969—Decision, June 23, 1970

Consent order requiring an individual trading as the Educational Service Company with headquarters in New York City and engaged in the selling of encyclopedias and children's books by door-to-door salesmen to cease mis-

representing that its solicitors are conducting surveys, that any of its material is "free," that it has an office in Chicago, that it provides life or property insurance for its customers, and that any sales contract is inoperative unless approved by the signatory's spouse. The order also prohibits deceptive pricing tactics, using the words "Junior Institute" and "Complete Ten Year Educational Plan," and delivering unordered volumes and attempting to collect for them.

Amended and Supplemental 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 Richard A. Romain, an individual trading as Educational Service 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 Richard A. Romain is an individual trading as Educational Service Company, with his principal office and place of business located at 119 Fifth Avenue, in the city of New York, State of New York.

Par. 2. Respondent is now, and for some time last past has been, engaged in the advertising, offering for sale, sale and distribution of encyclopedias, children's books and other books and a consultation service in connection therewith to the public.

Par. 3. In the course and conduct of his business, as aforesaid, respondent now causes, and for some time last past has caused, his said products, when sold, to be shipped from his aforesaid place of business and from the places of business of his suppliers to purchasers thereof located in various other States of the United States other than the State of origination and maintains, and at all times mentioned herein has maintained, a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

Par. 4. In the course and conduct of his aforesaid business, and at all times mentioned herein, respondent has been in substantial competition in commerce with corporations, firms and individuals in the sale of encyclopedias, children's books and other books of the same general kind and nature as those sold by respondent.

Par. 5. In the course and conduct of his business, as aforesaid, respondent sells said books at retail to the general public. Sales are made by respondent's agents, representatives, or employees who contact prospective purchasers in their homes.

Respondent has formulated, developed and carried out a plan for the purpose of selling said books. In furtherance of this plan, the respondent supplies his agents, representatives or employees with a "sales pitch" and material in connection therewith and instructs them to use and follow same. Said agents, representatives or employees employ said presentation and material in orally soliciting the purchase of respondent's books.

Respondent, in said sales presentation and in advertising and promotional literature and other printed materials, and respondent's agents, representatives or employees, in the course of their sales talks, make many statements and representations concerning their status and employment, the quality, characteristics, the offer and price of respondent's books. Some of these statements and representations are made orally by said agents, representatives or employees, and some are contained in advertising and promotional literature displayed by said agents, representatives or employees to prospective customers.

PAR. 6. Through the use of such statements and representations, respondent represents, and has represented, directly or by implication:

1. That respondent's sales personnel are visiting the homes of families for the purpose of conducting surveys or performing tests or some other function with respect thereto.

2. That the books offered during the sales presentation were "free" and the customer was only purchasing a year book service either for a year or a ten year period.

3. That respondent's books were being put into the customer's area for advertising purposes and that the price of said books was a "special introductory offer" or a "reduced price."

4. That respondent has an office or place of business in the city of Chicago, Illinois.

5. By the use of the words "Junior Institute" that respondent's organization is an institution of learning.

6. By the use of the words "A Complete Ten Year Educational Program" that respondent offers prospective customers a comprehensive continuing course of study for a period of ten years.

7. That respondent provides customers with "Credit Life Insurance at no additional charge" which would be underwritten by the Fidelity Life and Casualty Company, Battle Creek, Michigan, a certificate of said insurance to be mailed to the buyer.

8. That respondent provides customers with "Property Insurance Certificate at no additional charge," which would be underwritten

by the American Fidelity Fire Insurance Company, Westbury, New York.

9. That no obligation would exist under the sales transaction on the part of the purchaser until approval of the said sales transaction by the signatory's spouse.

10. That no obligation would exist under the sales transaction on the part of the purchaser until a subsequent receipt of a deposit by the respondent from the purchaser.

11. That certain monthly payments and total costs would be due and owing as the purchase price of the respondent's combination offer of books.

PAR. 7. In truth and in fact:

1. Respondent's sales personnel are not visiting the homes of families for the purpose of conducting surveys but solely for the purpose of selling respondent's books. Furthermore, the respondent is not engaged in conducting surveys or tests in any manner.

2. Respondent's books are not given "free" to purchasers of the year book service. On the contrary, the purchasers pay the full purchase price for respondent's books and an additional sum yearly for the year book service.

3. Respondent's books are not being put in a purchaser's area for advertising purposes and are not sold as a "special introductory offer" or at a "reduced price." Respondent's sales personnel will sell respondent's books in any area where said personnel happen to be and at the same price at which the respondent has offered these books for sale in the usual regular course of his business.

4. The respondent does not maintain an office or place of business in the city of Chicago, Illinois.

5. Respondent's organization is not a "Junior Institute" nor any other type of institution of learning. Respondent has neither a curriculum, teaching faculty or facilities for the purpose of teaching or providing educational courses to prospective purchasers. Respondent is merely a seller of books.

6. Respondent does not offer prospective customers a comprehensive continuing course of study for a period of ten years. He merely sells books that can be used by pupils from pre-school age to high school age. After execution of the sales contract, respondent's only interest and contact with purchasers is in the collection of the purchase price of the contract.

7. No credit life insurance was ever provided on the life of the buyer by the Fidelity Life and Casualty Company, Battle Creek, Michigan, or by any other life insurance carrier.

8. No group property insurance was ever provided to the purchaser by the American Fidelity Fire Insurance Company, Westbury, New York, or any other property insurance carrier.

9. Respondent, either after notice of disapproval of the sales transaction by the signatory's spouse, or without the signature of the signatory's spouse has sought to enforce, and in fact has enforced, said contract against both the signatory and the signatory's spouse.

10. Respondent has sought to enforce, and in fact has enforced, said contract even though no deposit was made by the prospective purchaser.

11. The executed documents purport to obligate the signatory thereof to amounts of monthly payments and total costs substantially higher than the amounts of monthly payments and total costs verbally represented to the purchaser by respondent's sales personnel.

Therefore, the statements and representations as set forth in Paragraph Six hereof were and are false, misleading and deceptive.

PAR. 8. Respondent in a substantial number of instances sends sets of his encyclopedias, children's books or other books to persons who have not contracted to buy same and then endeavors to enforce payment for them by stating that they are legally or otherwise obligated to pay therefor.

Therefore, said representations, acts and practices set forth in Paragraph Eight were and are unfair, false, misleading and deceptive.

PAR. 9. The use by the respondent of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that such statements and representations were and are true and to enter into contracts for the purchase of and to purchase respondent's products because of such erroneous and mistaken belief.

PAR. 10. The aforesaid acts and practices of respondent, as herein alleged, were, and are, all to the prejudice and injury of the public and of respondent's competitors and constituted, and now constitute, unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce, in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having issued its amended and supplemental complaint on July 31, 1969, charging the respondent named in the

caption hereof with violation of the Federal Trade Commission Act, and the respondent having been served with a copy of that amended and supplemental complaint; and

The Commission having duly determined upon motion certified to the Commission that, in the circumstances presented, the public interest would be served by waiver here of the provision of Section 2.34(d) of its Rules that the consent order procedure shall not be available after issuance of complaint; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by respondent of all the jurisdictional facts set forth in the complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as set forth in such complaint, and waivers and provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record and having duly considered the comments filed thereafter pursuant to § 2.34(b) of its Rules, now, in further conformity with the procedure prescribed in such Rule, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Richard A. Romain is an individual trading as Educational Service Company, with his principal office and place of business located at 119 Fifth Avenue, New York, New York.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

It is ordered, That respondent Richard A. Romain, an individual trading as Educational Service Company, or under any other trade name or names, and respondent's agents, representatives and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of encyclopedias, children's books, or other books or supplementary services in connection therewith, or any other articles of merchandise or services in connection therewith in commerce, as "commerce" is de-

fined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or by implication, that:

(a) Respondent's agents, representatives or employees are visiting the homes of families for the purpose of conducting tests for surveys or for any other purpose other than the sale of books or supplementary service connected therewith; or misrepresenting, in any manner, the nature or purpose of any prospective customer or customer contact or solicitation.

(b) Any encyclopedias, books, supplements, publications or supplementary service in connection therewith are "free" or in any sense a gratuity when in fact payment therefor is included in the total price to be paid by the purchaser.

(c) Said encyclopedias, books, products or services are being offered for sale or sold on special or favorable terms or conditions as a part of an advertising or promotional plan or program.

(d) Any price at which respondent's encyclopedias, books, supplements, publications or supplementary service in connection therewith or other products are offered for sale, is a special or reduced price unless such price constitutes a substantial reduction from the price at which such publications were sold in substantial quantities for a reasonably substantial period of time by the respondent in the recent regular course of his business; or representing that any price is an introductory price unless such price is substantially less than the price to which the respondent in good faith intends to increase the price and that within a reasonable period thereafter such price was in fact so increased.

(e) Respondent has an office or place of business in the city of Chicago, Illinois or any other locality other than the place or places whereat he actually conducts his business.

(f) That respondent provides customers with credit life insurance at no additional charge; or misrepresenting in any manner that respondent provides life insurance in any form for purchasers of his products or services.

(g) That respondent provides customers with a property insurance certificate at no additional charge; or misrepresenting in any manner that respondent provides any type of property insurance for purchasers of his products or services.

(h) That no obligation would exist under a sales transaction on the part of a purchaser until approval of said transaction by the signatory's spouse.

(i) That no obligation would exist under a sales transaction on the part of the purchaser until subsequent receipt of a deposit by the respondent from the purchaser.

2. Misrepresenting in any manner, either orally or in writing, the monthly installment costs, the total contract cost, the terms, conditions or provisions of any contract of sale between respondent and a purchaser or prospective purchaser of respondent's products or services.

3. Using the words "Junior Institute" or any abbreviation or simulation thereof, or any other word or words of similar import, or misrepresenting, in any manner, the nature, character or affiliation of respondent's business.

4. Using the words "Complete Ten Year Educational Program" or any other word or words of similar import, or misrepresenting, in any manner, the nature or character of respondent's sales offer or respondent's participation therein after the sale is completed.

5. Sending or delivering said encyclopedias, books, products or services to any person, firm or corporation who or which has not entered into a written contract or agreement to receive them.

6. Attempting to enforce payment in any manner, for said encyclopedias, books, products or services from any person, firm or corporation who or which has not entered into a written agreement to receive and purchase them.

7. Failing to deliver a copy of this order to cease and desist to all present and future salesmen or other persons engaged in the sale of respondent's products or services and failing to secure from each such salesman or other person a signed statement acknowledging receipt of said order.

Provided, however, That the prohibitions of this order will not be applicable to any service rendered by the respondent in his capacity as a lawyer or attorney-at-law in his formal practice of law.

It is further 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 this order.

IN THE MATTER OF

CHINCHILLA PRODUCERS ASSOCIATION OF COLORADO, INC., ET AL.

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

Docket 8794. Complaint, July 22, 1969—Decision, June 23, 1970

Consent order requiring a Denver, Colo., seller of chinchilla breeding stock to cease making exaggerated earning claims, misrepresenting the quality of its stock, deceptively guaranteeing the fertility of its stock, misrepresenting the training and services available to purchasers, and misusing the word "association" in its trade name.

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 Chinchilla Producers Association of Colorado, Inc., a corporation, and James E. Martin, individually and as an officer of said corporation, 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. Respondent Chinchilla Producers Association of Colorado, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Colorado, with its principal office and place of business located at 3520 North Brighton Boulevard, Denver, Colorado.

Respondent James E. Martin is an individual and officer of Chinchilla Producers Association of Colorado, Inc. He formulates, directs and controls the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. Respondent Martin's address is 1606 Willow Road, Lees Summit, Missouri.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale, sale and distribution of Chinchilla breeding stock to the public.

PAR. 3. In the course and conduct of their aforesaid business, respondents now cause, and for some time last past have caused, their said chinchillas, when sold, to be shipped from their place of busi-

ness in the State of Colorado to purchasers thereof located in various other States of the United States, and maintain, and at all times mentioned herein have maintained, a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their aforesaid business, and for the purpose of obtaining the names of prospective purchasers and inducing the purchase of said chinchillas, the respondents make numerous statements and representations by means of television and radio broadcasts, direct mail advertising, newspaper publications, and through the oral statements and display of promotional material to prospective purchsers by their salesmen, with respect to the breeding of chinchillas for profit without previous experience, the rate of reproduction of said animals, the expected return from the sale of their pelts and the training assistance to be made available to purchasers of respondent's chinchillas.

Typical and illustrative, but not all inclusive of the said statements and representations made in respondents' television and radio broadcasts and promotional literature, are the following:

YOUR FUTURE
DEMANDS
MORE INCOME

Dewey Compton, recognized authority on animal husbandry, says:

"CHINCHILLA RANCHING, as practiced by members of the Chinchilla Producers Association, is a pleasant, part-time business, enjoyable to the entire family, which can provide money for retirement, college costs, extra luxuries, or permit mother to quit work and make a better home.

"I am a lovable quiet, odor-free animal. I produce the world's finest fur which is in constant demand. I thrive on personal affection, eat very little, live in a small cage, and make no mess. You and I can make money in our own business."

THIS IS HOW THE BUSINESS WORKS:

YOU:

Invest the equivalent of a compact car, making your investment on a 36-month plan while your business grows. Devote minutes a day to feeding, watching and enjoying your animals. Provide an 8'x12' spare room, part of your garage or small building.

WE:

Train you in every detail. Provide continuous guidance. Guarantee your animals to live and litter. Pelt and market your herd offspring.

Detailed Information on Request

* * * * * * *

RAISE CHINCHILLAS FOR ADDITIONAL INCOME

Here is your opportunity to earn additional income from a multi-million-dollar industry that is paying off thousands of dollars a year in profits to spare-

time chinchilla raisers in all parts of the country! This is extra money YOU can use to provide for college education . . . a higher standard of living for your family . . . or retirement income. All it takes on your part is a small investment of dollars, and space in your spare room, garage, or building. We provide the rest.

We guarantee your animals will live and reproduce.

We teach you all phases of Chinchilla Ranching at our school.

We publish monthly information bulletins to keep you informed of all new developments.

We furnish periodic inspections for herd improvement by qualified personnel.

We maintain priming, pelting and marketing facilities.

We offer financial assistance, if needed—you can pay for your business as your investment grows.

INVESTIGATE! Our proven formula can make your family financially independent

* * * * * * *

THE MARKET DEMAND IS GROWING!

QUALITY PELTS BRING FROM $20.00 TO $60.00 EACH ON TODAY'S MARKET, AND THE DEMAND FOR PELTS INCREASES EVERY YEAR!

The profit is unequalled, considering your investment, time and space required to raise select quality chinchillas. There is nothing you can raise or grow on a part-time basis that can equal raising quality chinchillas.

INVESTIGATE CHINCHILLA PRODUCTION NOW!

* * * * * * *

CHINCHILLA PRODUCERS ASSOCIATION, INC.
3520 BRIGHTON BLVD. • DENVER, COLORADO • PHONE 222-0593

Starting with: One Select Quality White Mutation Male—Three Select Quality Standard Females

Assuming your females produce an average of 4 offspring yearly.

FIRST YEAR

Your *3* females would produce *12* young. Keep *8* Market *4*.

SECOND YEAR

Your *9* females would produce *36* young. Keep *24* Market *12*.

THIRD YEAR

Your *27* females would produce *108* young. Keep *72* Market *36*.

EACH YEAR THEREAFTER

Your *81* females would produce *324* offspring yearly:

162 Standard pelts at $25.00 per pelt	$ 4,050
162 Mutation pelts at $100.00 per pelt	16,200
Estimated total income from pelt sales	20,250
Estimated cost of operation—Feed, pelting, marketing etc.	7,250
Estimated total annual profit	13,000
Total investment	$3,380

PAR. 5. By and through the use of the above-quoted statements and representations and others of similar import and meaning, but not expressly set out herein, separately and in connection with oral statements and representations made by their salesmen and repre-

sentatives, the respondents have represented, and are now representing, directly or by implication, that:

1. It is commercially feasible to breed and raise chinchillas from breeding stock purchased from respondents in homes, garages, or spare buildings, and large profits can be made in this manner.

2. The breeding of chinchillas from breeding stock purchased from respondents, as a commercially profitable enterprise, requires no previous experience in the breeding, caring for and raising of such animals.

3. Chinchillas are hardy animals, and are not susceptible to diseases.

4. Purchasers of respondents' breeding stock receive pedigreed or select quality chinchillas.

5. Each female chinchilla purchased from respondents and each female offspring will produce at least four live offspring per year.

6. Each female chinchilla purchased from respondents and each female offspring will produce several successive litters of from one to five live offspring at 111-day intervals.

7. The offspring referred to in Paragraph Five subparagraph (6) above will have pelts selling for an average price of $25 per pelt, and that pelts from offspring of respondents' breeding stock generally sell from $20–$60 each.

8. A purchaser starting with three females and one male of respondents' chinchilla breeding stock will have an annual income of $20,250 from the sale of pelts in the fourth year.

9. Chinchilla breeding stock purchased from respondents is unconditionally guaranteed to live, breed and litter.

10. The respondents will promptly fulfill all of their obligations and requirements set forth in or represented, directly or by implication, to be contained in the guarantee applicable to each and every chinchilla.

11. Purchasers of respondents' breeding stock receive service calls from respondents' service personnel four times a year for the first year after purchase of the animals.

12. Purchasers of respondents' breeding stock are given guidance in the care and breeding of chinchillas.

13. Purchasers of respondents' breeding stock can expect a great demand for the offspring and for the pelts of the offspring of respondents' chinchillas.

14. Chinchilla mutation breeding stock has a market value of $1,500 each and the pelts of offspring chinchilla mutants having a white, silver or beige color, generally sell for $75 to $150 each.

15. Respondents doing business as Chinchilla Producers Association have been in the chinchilla business for more than 13 years.

16. Through the assistance and advice furnished to purchasers of respondents' breeding stock by respondents, purchasers are able to successfully breed and raise chinchillas as a commercially profitable enterprise.

17. Through the use of the word "association" separately and as part of the respondents' trade name, respondent is an association formed for the mutual aid and protection of purchasers of respondents' breeding stock.

PAR. 6. In truth and in fact:

1. It is not commercially feasible to breed or raise chinchillas from breeding stock purchased from respondents in homes, garages or spare buildings, and large profits cannot be made in this manner. Such quarters or buildings, unless they have adequate space and the requisite temperature, humidity, ventilation and other necessary environmental conditions are not adaptable to or suitable for the breeding or raising of chinchillas on a commercial basis.

2. The breeding of chinchillas from breeding stock purchased from respondents as a commercially profitable enterprise requires specialized knowledge in the breeding, caring for and raising of said animals much of which must be acquired through actual experience.

3. Chinchillas are not hardy animals and are susceptible to pneumonia and other diseases.

4. Chinchilla breeding stock sold by respondents is not of pedigreed or select quality.

5. Each female chinchilla purchased from respondents and each female offspring will not produce at least four live offspring per year, but generally less than that number.

6. Each female chinchilla purchased from respondents and each female offspring will not produce several successive litters of from one to five live offspring at 111-day intervals, but generally less than that number.

7. The offspring referred to in subparagraph (6) of Paragraph Five above will not produce pelts selling for an average price of $25 per pelt but substantially less than that amount; and pelts from offspring of respondents' breeding stock will generally not sell for $20–$60 each since some of the pelts are not marketable at all and others would not sell for $20 but for substantially less than that amount.

8. A purchaser starting with three females and one male of respondents' breeding stock will not have an annual income of $20,250

from the sale of pelts in the fourth year but substantially less than that amount.

9. Chinchilla breeding stock purchased from respondents is not unconditionally guaranteed to live, breed and litter but such guarantee as is provided is subject to numerous terms, limitations and conditions.

10. Respondents do not in fact promptly fulfill all of their obligations and requirements set forth in or represented, directly or by implication, to be contained in the guarantee applicable to each and every chinchilla and in a substantial number of cases not at all.

11. Purchasers of respondents' breeding stock do not receive four service calls for the first year from respondents' service personnel but generally less than that number, if any.

12. Purchasers of respondents' breeding stock are given little, if any, guidance in the care and breeding of chinchillas.

13. Purchasers of respondents' breeding stock cannot expect a great demand for the offspring of and pelts from respondents' chinchillas.

14. Chinchilla mutation breeding stock does not have a market value of $1,500 but substantially less than that amount, and pelts of the offspring of chinchilla mutants having a white, silver or beige color do not generally sell for $75 to $150 each. Such pelts have seldom, if ever, been sold and when sold have brought substantially less than those amounts.

15. Respondents doing business as Chinchilla Producers Association have not been in the chinchilla business for more than 13 years. They have been doing business under this name for less than three years.

16. Purchasers of respondents' breeding stock are not able successfully to breed and raise chinchillas as a commercially profitable enterprise through the assistance and advice furnished them by respondents.

17. Respondents' business organization is not an association formed for the mutual aid and protection of purchasers of respondents' chinchilla breeding stock but is a business organization formed for the purpose of selling chinchilla breeding stock for a profit.

Therefore, the statements and representations as set forth in Paragraphs Four and Five hereof were, and are, false, misleading and deceptive.

PAR. 7. In the course and conduct of their business, at all times mentioned herein, respondents have been in substantial competition, in commerce, with corporations, firms and individuals in the sale of

chinchilla breeding stock of the same general kind and nature as those sold by respondents.

PAR. 8. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were, and are, true and into the purchase of substantial quantities of respondents' chinchillas by reason of said erroneous and mistaken belief.

PAR. 9. The aforesaid acts and practices of the respondents, as herein alleged, were and are all to the prejudice and injury of the public and of respondents' competitors and constituted, and now constitute, unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce, in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having issued its complaint on July 22, 1969, charging the respondents named in the caption hereof with violation of the Federal Trade Commission Act, and the respondents having been served with a copy of that complaint; and

The Commission having duly determined upon motion certified to the Commission that, in the circumstances presented, the public interest would be served by waiver here of the provision of Section 2.34(d) of its Rules that the consent order procedure shall not be available after issuance of complaint; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by respondents of all the jurisdictional facts set forth in the complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as set forth in such complaint, and waivers and provisions as required by the Commission's rules; and

The Commission having considered the aforesaid agreement and having determined that it provides an adequate basis for appropriate disposition of this proceeding, the agreement is hereby accepted, the following jurisdictional findings are made, and the following order is entered:

1. Respondent Chinchilla Producers Association of Colorado, Inc., is a corporation organized, existing and doing business under and by

virtue of the laws of the State of Colorado. The corporation has not been doing business since August 1, 1968, but has never been dissolved. The corporation can be reached in care of James E. Martin, Box 3015, Sioux City, Iowa.

Respondent James E. Martin is an officer of said corporation. He formulates, directs and controls the policies, acts and practices of said corporation, although the corporation has been inactive since August 1, 1968, and his address is Box 3015, Sioux City, Iowa.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Chinchilla Producers Association of Colorado, Inc., a corporation, and its officers, and James E. Martin, individually and as an officer of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of chinchilla breeding stock or any other products, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

A. Representing, directly or by implication; that:

1. It is commercially feasible to breed or raise chinchillas in homes, basements, garages or spare buildings, or other quarters or buildings unless in immediate conjunction therewith it is clearly and conspicuously disclosed that the represented quarters or buildings can only be adaptable to and suitable for the breeding and raising of chinchillas on a commercial basis if they have the requisite space, temperature, humidity, ventilation and other environmental conditions.

2. Breeding chinchillas as a commercially profitable enterprise can be achieved without previous knowledge or experience in the breeding, caring for and raising of such animals.

3. Chinchillas are hardy animals or are not susceptible to disease.

4. Purchasers of respondents' chinchilla breeding stock will receive pedigreed or select quality chinchillas.

5. Each female chinchilla purchased from respondents

and each female offspring will produce at least four live young per year.

6. The number of live offspring produced per female chinchilla is any number or range of numbers; or representing, in any manner, the past number or range of numbers of live offspring produced per female chinchilla from respondents' breeding stock unless in fact the past number or range of numbers represented are those of a substantial number of purchasers and accurately reflect the number or range of numbers of live offspring produced per female chinchilla of these purchasers under circumstances similar to those of the purchaser to whom the representation is made.

7. Each female chinchilla purchased from respondents and each female offspring will produce successive litters of one to five live offspring at 111-day intervals.

8. The number of litters or sizes thereof produced per female chinchilla is any number or range thereof; or representing, in any manner, the past number or range of numbers of litters or sizes produced per female chinchilla from respondents' breeding stock unless in fact the past number or range of numbers represented are those of a substantial number of purchasers and accurately reflect the number or range of numbers of litters or sizes thereof produced per female chinchilla of these purchasers under circumstances similar to those of the purchaser to whom the representation is made.

9. Pelts from the offspring of respondents' chinchilla breeding stock sell for an average price of $25 per pelt; or that pelts from the offspring of respondents' breeding stock generally sell from $20 to $60 each.

10. Chinchilla pelts from the offspring of respondents' breeding stock will sell for any price, average price, or range of prices; or representing, in any manner, the past price, average price or range of prices of pelts from chinchillas of respondents' breeding stock unless in fact the past price, average price or range of prices represented are those of a substantial number of purchasers and accurately reflect the price, average price or range of prices realized by these

purchasers under circumstances similar to those of the purchaser to whom the representation is made.

11. A purchaser starting with three females and one male will have, from the sale of pelts, an annual income, earnings or profits of $20,250 in the fourth year after purchase.

12. Purchasers of respondents' breeding stock will realize earnings, profits or income in any amount or range of amounts; or representing, in any manner, the past earnings, profits or income of purchasers or respondents' breeding stock unless in fact the past earnings, profits or income represented are those of a substantial number of purchasers and accurately reflect the average earnings, profits or income of these purchasers under circumstances similar to those of the purchaser to whom the representation is made.

13. Breeding stock purchased from respondents is guaranteed or warranted without clearly and conspicuously disclosing in immediate conjunction therewith the nature and extent of the guarantee, the manner in which the guarantor will perform thereunder and the identity of the guarantor.

14. Respondents' chinchillas are guaranteed unless respondents do in fact promptly fulfill all of their obligations and requirements set forth in or represented, directly or by implication, to be contained in any guarantee or warranty applicable to each and every chinchilla.

15. Purchasers of respondents' chinchilla breeding stock will receive service calls from respondents' service personnel four times a year for the first year after purchase of the animals or at any other interval or frequency unless purchasers do in fact receive the represented number of service calls at the represented interval or frequency.

16. Purchasers of respondents' chinchilla breeding stock are given guidance in the care and breeding of chinchillas or are furnished advice by respondents as to the breeding of chinchillas unless purchasers are actually given the represented guidance in the care and breeding of chinchillas and are furnished the represented advice by respondents as to the breeding of chinchillas.

17. Chinchillas or chinchilla pelts are in great demand; or that purchasers of respondents' breeding stock can expect to be able to sell the offspring or the pelts of the offspring

of respondents' chinchillas because said chinchillas or pelts are in great demand.

18. Chinchilla mutation breeding stock has a market value of $1,500 each or any other price or range of prices; or that the pelts of chinchilla mutants having a white, silver or beige color or any other color generally sell for $75 to $150 each or any other price, average price or range of prices.

19. Respondents doing business as Chinchilla Producers Association have been in the chinchilla business for 13 years; or misrepresenting, in any manner, the length of time respondents individually or through any corporate or other device have been in business.

20. The assistance or advice furnished to purchasers of respondents' chinchilla breeding stock by respondents will enable purchasers to successfully breed or raise chinchillas as a commercially profitable enterprise.

B. Using the word "Association" or any other word or term of similar import or meaning as part of the respondents' trade or corporate name or in any other manner; or misrepresenting, in any other manner, the nature or status of respondents' business.

C. 1. Misrepresenting, in any manner, the assistance, training, services or advice supplied by respondents to purchasers of their chinchilla breeding stock.

2. Misrepresenting, in any manner, the earnings or profits to purchasers or the quality or reproduction capacity of any chinchilla breeding stock.

D. Failing to deliver a copy of this order to cease and desist to all present and future salesmen and other persons engaged in the sale of the respondents' products or services and failing to secure from each such salesman or other person a signed statement acknowledging receipt of said order.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further 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 this order.

IN THE MATTER OF

BEAUTI-LOOM CARPET AND DRAPERY CO., INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE TRUTH IN LENDING AND THE FEDERAL TRADE COMMISSION ACTS

Docket C-1751. Complaint, June 23, 1970—Decision, June 23, 1970

Consent order requiring a Kansas City, Mo., seller of carpets and draperies to cease misrepresenting its consumer credit arrangements by failing to state in terminology prescribed by Sec. 226.8 of Regulation Z of the Truth In Lending Act the cash price of the article offered for sale, the downpayment required, the number, amounts, and due dates of installment payments, the annual percentage rate of the finance charge, and the deferred payment charge.

COMPLAINT

Pursuant to the provisions of the Truth in Lending Act and the implementing regulation promulgated thereunder and the Federal Trade Commission Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Beauti-Loom Carpet and Drapery Co., Inc., a corporation, and Alfred Nadler and Henry Nadler, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and implementing regulation, 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 Beauti-Loom Carpet and Drapery Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Missouri, with its principal office and place of business located at 4534 Troost Avenue, Kansas City, Missouri. Respondents Alfred Nadler and Henry Nadler are officers of the corporate respondent. They formulate, direct and control the acts and practices hereinafter set forth. Their address is the same as the corporate respondent.

PAR. 2. Respondents are now and for some time last past have been engaged in the sale of carpets and draperies to the public.

PAR. 3. In the ordinary course and conduct of their business, as aforesaid, respondents, in order to facilitate the sales of carpets and draperies, regularly extend or arrange for the extension of consumer credit as "consumer credit" is defined in Regulation Z, the imple-

menting regulation of the Truth in Lending Act duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. In order to promote the sale of their carpets and draperies, respondents have caused frequent advertisements to be placed in various media. Certain of these advertisements were published on October 19, 1969, and November 2, 1969, among numerous other dates, and the following are typical and illustrative but not necessarily all inclusive thereof.[1]

PAR. 5. By and through the use of the advertisements set forth in Paragraph Four hereof, the respondents have represented in connection with an extention of consumer credit that no downpayment is necessary and that customers may repay the obligations in periods up to five years in length if the credit is extended, without disclosing, in the terminology prescribed by Section 226.8 of Regulation Z, the following additional items required by Section 226.10(d)(2) of Regulation Z:

1. The cash price;
2. The number, amount, and due dates or period of payments scheduled to repay the indebtedness if the credit is extended;
3. The amount of the finance charge expressed as an annual percentage rate; and
4. The deferred payment price of the item advertised.

PAR. 6. In the course and conduct of their business aforesaid, respondents have consummated credit sale contracts with various customers, in many of which they have failed to provide disclosure of the deferred payment price as required by Section 226.8(c)(8) of Regulation Z.

PAR. 7. By causing to be placed for publication the advertisements referred to in Paragraphs Four and Five hereof, and by failing to make the disclosure referred to in Paragraph Six hereof, respondents failed to comply with the requirements of Regulation Z, the implementing regulation of Truth in Lending Act duly promulgated by the Board of Governors of the Federal Reserve System. Pursuant to Section 105 of that Act, such failure to comply constitutes a violation of the Truth in Lending Act and, pursuant to Section 108 thereof, respondents thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption

[1] Pictorial newspaper advertisements omitted in printing.

hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Deceptive Practices proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in § 2.34(b) of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Beauti-Loom Carpet and Drapery Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Missouri, with its principal office and place of business located at 4534 Troost Avenue, Kansas City, Missouri. Respondents Alfred Nadler and Henry Nadler are officers of the corporate respondent. They formulate, direct and control the acts and practices hereinafter set forth. Their address is the same as the corporate respondent.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Beauti-Loom Carpet and Drapery Co., Inc., a corporation, and its officers, and Alfred Nadler and Henry Nadler, individually and as officers of said corporation, agents, representatives and employees, directly or through any corporate or other device, in connection with any advertisement or consumer credit sale of carpets and/or draperies or any other merchandise or service, as "credit sale" is defined in Regulation Z (12 CFR

226) of the Truth in Lending Act (P.L. 90–321, U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Representing, directly or by implication, in any advertisement as "advertisement" is defined in Regulation Z, the amount of the downpayment required or that no downpayment is required, the amount of any installment payment, the dollar amount of any finance charge, the number of installments or the period of repayment, or that there is no charge for credit, unless all of the following items are stated in terminology prescribed under Section 226.8 of Regulation Z:

(i) The cash price;

(ii) The amount of the downpayment required or that no downpayment is required, as applicable;

(iii) The number, amount, and due dates or period of payments scheduled to repay the indebtedness if the credit is extended;

(iv) The amount of the finance charge expressed as an annual percentage rate; and

(v) The deferred payment price.

2. Causing to be published any consumer credit advertisement without making all disclosures that are required by Section 226.10 of Regulation Z, in the manner and form therein prescribed.

3. Failing to furnish to each consumer credit customer all of the applicable disclosures required by Section 226.8 of Regulation Z, in the manner and form therein prescribed.

4. Failing to deliver a copy of this order to cease and desist to all present and future personnel of respondents engaged in any aspect of preparation, creation, and placing of advertising of any of respondents' goods or services.

It is further ordered, That respondents 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 they have complied with the order to cease and desist contained herein.

It is further ordered, That respondents notify the Commission at least 30 days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

IN THE MATTER OF

LENOX, INCORPORATED

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

Docket 8718. Complaint, Oct. 10, 1970—Decision, June 24, 1970

Order modifying a cease and desist order dated April 9, 1968, 73 F.T.C. 578, pursuant to a decision of the Court of Appeals, Second Circuit, dated October 10, 1969, 417 F. 2d 126 (8 S.&D. 1037), which held that Commission could not forbid respondent from making resale price maintenance agreements in States where such agreements are lawful; and further modifying the order, pursuant to a new judgment upon rehearing by the Court, dated March 10, 1970, by allowing respondent to enter into resale price maintenance contracts and providing for the repeal of one section if at the end of 2 years respondent can show competition has been restored.

ORDER MODIFYING ORDER TO CEASE AND DESIST

Respondent having filed in the United States Court of Appeals for the Second Circuit a petition to review and set aside the order to cease and desist issued herein on April 9, 1968 [73 F.T.C. 578]; and the Court having entered its opinion and judgment modifying and, as modified, affirming and enforcing said order to cease and desist; and the Court on December 18, 1969, having granted respondent's petition for rehearing and on March 10, 1970, having issued a new judgment further modifying said order to cease and desist; and the time allowed for filing a petition for certiorari having expired and no such petition having been filed;

Now, therefore, it is hereby ordered, That the aforesaid order of the Commission to cease and desist be, and it hereby is, modified in accordance with the said final decree of the court of appeals to read as follows:

It is ordered, That respondent, Lenox, Incorporated, a corporation, and its officers, agents, representatives, employees, successors, and assigns, directly or through any corporate or other device, in connection with the offering for sale, sale, or distribution of fine china dinnerware, giftware, and artware, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from hindering, suppressing, or eliminating competition or from attempting to hinder, suppress, or eliminate competition between or among dealers handling respondent's products by:

1. Requiring dealers, through a franchise agreement or other means, to agree that they will resell at prices specified by respondent or that they will not resell below or above specified prices;

2. Requiring prospective dealers to agree, through direct or indirect means, that they will maintain respondent's specified resale prices as a condition of buying respondent's products;

3. Requesting dealers, either directly or indirectly, to report any person or firm who does not observe the resale prices suggested by respondent, or acting on reports so obtained by refusing or threatening to refuse sales to the dealers so reported;

4. Harassing, intimidating, coercing, threatening or otherwise exerting pressure on dealers, either directly or indirectly, to observe, maintain, or advertise established resale prices;

5. Selling to dealers at a mark down or discount from a resale or retail price for a period of three years following the effective date of this order: *Provided, however*, That respondent may, two years following the effective date of this order, upon a showing that competition in the resale of its products has been restored, petition the Commission to repeal this provision;

6. Publishing, disseminating or circulating to any dealer, any price list, price book or other document indicating any resale or retail prices for a period of three years following the effective date of this order: *Provided, however*, That respondent may, two years following the effective date of this order, upon a showing that competition in the resale of its products has been restored, petition the Commission to repeal this provision;

7. Utilizing any other cooperative means of accomplishing the maintenance of resale prices fixed by respondent;

8. Requiring or inducing, by any means, dealers or prospective dealers to refrain, or to agree to refrain, from reselling respondent's products to any dealers or distributors;

9. Nothing hereinabove contained shall be construed to limit or otherwise affect any resale price maintenance contracts that respondent may enter into in conformity with Section 5 of the Federal Trade Commission Act, as amended by the McGuire Act (66 Stat. 632 [1952], 15 USC 45 [a]);

10. (a) Failing to sell or refraining from selling to any dealer who desires to purchase from respondent and who was terminated after January 1, 1960, for failing to maintain respondent's "suggested" resale prices and who is located in any

State of the United States in which resale price maintenance contracts are unlawful or in the District of Columbia;

(b) Failing to sell or refraining from selling to any dealer who desires to purchase from respondent who was terminated after January 1, 1960, for selling to another dealer for resale.

It is further 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 this order.

IN THE MATTER OF

M. REINER & SONS, INC., ET AL.

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

Docket 8806. Complaint, Dec. 10, 1969—Decision, June 24, 1970

Order requiring a New York City manufacturing furrier to cease misbranding, falsely invoicing and deceptively guaranteeing its fur products.

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 M. Reiner & Sons, Inc., a corporation, and Jack J. Reiner and Seymour Reiner, individually and as officers of said corporation, 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 M. Reiner & Sons, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

Respondents Jack J. Reiner and Seymour Reiner are officers of the corporate respondent. They formulate, direct and control the acts, practices and policies of the said corporate respondent including those hereinafter set forth.

Respondents are manufacturers of fur products with their office and principal place of business located at 345 Seventh Avenue, New York, New York.

PAR. 2. Respondents are now, and for some time last past have been engaged in the introduction into commerce, and in the manufacture for 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 manufactured for sale, sold, advertised, offered for sale, transported and distributed fur products which have been made in whole or in part of furs which have been shipped and received in commerce, as the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act.

PAR. 3. Certain of said fur products were misbranded in that they were falsely and deceptively labeled to show that fur contained therein was natural, when in fact such fur was pointed, bleached, dyed, tip-dyed, or otherwise artificially colored, in violation of Section 4(1) of the Fur Products Labeling Act.

PAR. 4. 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.

Among such misbranded fur products, but not limited thereto, were fur products with labels which failed to disclose that the fur contained in the fur products was bleached, dyed, or otherwise artificially colored, when such was the fact.

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

Among such falsely and deceptively invoiced fur products, but not limited thereto, were fur products covered by invoices which failed to disclose that the fur contained in the fur products was bleached, dyed, or otherwise artificially colored, when such was the fact.

PAR. 6. Certain of said fur products were falsely and deceptively invoiced in that said fur products were invoiced to show that the fur contained therein was natural, when in fact such fur was pointed, bleached, dyed, tip-dyed or otherwise artificially colored, in violation of Section 5(b)(2) of the Fur Products Labeling Act.

PAR. 7. Respondents furnished false guaranties under Section 10(b) of the Fur Products Labeling Act with respect to certain of their fur products by falsely representing in writing that respond-

ents had a continuing guaranty on file with the Federal Trade Commission when respondents in furnishing such guaranties had reason to believe that the fur products so falsely guaranteed would be introduced, sold, transported and distributed in commerce, in violation of Rule 48(c) of said Rules and Regulations under the Fur Products Labeling Act and Section 10(b) of said Act.

PAR. 8. The aforesaid acts and practices of respondents, as herein alleged in Paragraphs Three through Seven are in violation of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder and constitute unfair methods of competition and unfair and deceptive acts and practices in commerce under the Federal Trade Commission Act.

Mr. Frank W. Vanderheyden supporting the complaint.

Mr. Joseph H. Schindler, New York, N.Y., for respondents.

INITIAL DECISION BY WALTER K. BENNETT, HEARING EXAMINER

MARCH 31, 1970

PRELIMINARY STATEMENT

This is a proceeding brought under the Fur Products Labeling Act [1] by the issuance of a Federal Trade Commission complaint dated December 10, 1969.

[1] The sections of the Fur Products Labeling Act (15 U.S.C. § 69) involved, are as follows:

Sec. 4. For the purposes of this Act, a fur product shall be considered to be misbranded—

(1) if it is falsely or deceptively labeled or otherwise falsely or deceptively identified, or if the label contains any form of misrepresentation or deception, directly or by implication, with respect to such fur product;

(2) if there is not affixed to the fur product a label showing in words and figures plainly legible—

(A) the name or names (as set forth in the Fur Products Name Guide) of the animal or animals that produced the fur, and such qualifying statement as may be required pursuant to section 7(c) of this Act;

(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 of the persons who manufacture such fur product for introduction into commerce, introduce it into commerce, sell it in commerce, advertise or offer it for sale in commerce, or transport or distribute it in commerce;

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

Sec. 5. (b) For the purpose of the Act, a fur product or fur shall be considered to be falsely or deceptively invoiced—

Footnote continued on following page.

The Pleadings

The complaint charged the respondents with mislabeling, improperly invoicing, and misbranding certain fur products and with falsely representing that they had filed a continuing guarantee with the Federal Trade Commission. Respondents in their answer filed January 21, 1970, by Joseph H. Schindler admitted the formal allegations respecting their incorporation of the corporation, the relationship of the individual respondents thereto, the nature of the business, and the fact that they were engaged in interstate commerce. They denied the balance of the allegations of the complaint.

Prehearing Matters

The following prehearing events took place.

On December 31, 1969, complaint counsel moved for a prehearing conference and attached to his motion 44 exhibits that constituted the documentary evidence he intended to offer.

On January 26, 1970, a prehearing conference was held at Washington, D.C., and a prehearing order was dicated into the transcript (Tr. 16-17),[2] and on January 29, 1970, respondents filed certain admissions.

On February 4, 1970, respondents moved for leave to settle the proceedings by consent order. This motion, which was certified to

---

Footnote continued from previous page.

(1) if such fur product or fur is not invoiced to show—

(A) the name or names (as set forth in the Fur Products Name Guide) of the animal or animals that produced the fur, and such qualifying statement as may be required pursuant to section 7(c) of this Act;

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

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

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

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

(F) the name of the country of origin of any imported furs or those contained in a fur product;

(2) if such invoice contains the name or names of any animal or animals other than the name or names specified in paragraph (1)(A) of this subsection, or contains any form of misrepresentation or deception, directly or by implication, with respect to such fur product or fur.

Sec. 10. (b) It shall be unlawful for any person to furnish, with respect to any fur product or fur, a false guaranty (except a person relying upon a guaranty to the same effect received in good faith signed by and containing the name and address of the person residing in the United States by whom the fur product or fur guaranteed was manufactured or from whom it was received) with reason to believe the fur product or fur falsely guaranteed may be introduced, sold, transported, or distributed in commerce, and any person who violates the provisions of this subsection is guilty of an unfair method of competition, and an unfair or deceptive act or practice, in commerce within the meaning of the Federal Trade Commission Act.

[2] Transcript references are abbreviated Tr. and Commission Exhibits, CX.

the Commission by the undersigned, was denied by the Commission by order dated February 24, 1970.

Great Lakes Mink Association, on February 26, 1970, filed a petition to intervene on the certification. Its application was not received until after the Commission had acted.

Both parties at first agreed that there were unusual circumstances requiring hearings in Washington, D.C., and Cleveland, Ohio, on March 16 and 18, 1970. The unusual circumstances were later ameliorated. By order dated March 5, 1970, and based on consent, all formal hearings were scheduled for March 16, 1970, at Washington, D.C. Hearings were thereafter rescheduled for March 25, 1970, at respondents' request due to the peremptory setting of a civil court case for respondents' attorney in New York, New York.

On March 24, 1970, in the afternoon, respondents' counsel in a three-way telephone conversation stated that he and his clients would not appear at the hearings.

The Hearings

Hearings were convened at Room 7314, 1101 Pennsylvania Avenue, NW., Washington, D.C., at 10 A.M., March 25, 1970, and were concluded at 1:30 P.M. the same day. Six witnesses were called and 12 exhibits were received in evidence.

Two retail fur dealers doing business in Washington, D.C., each identified invoices from respondents evidencing the shipment of furs, and they also identified the labels attached to such furs. Each testified that neither the furs nor the documents had been altered. Each also testified that sample hairs had been extracted from these garments by an investigator for the Commission and had been placed by the investigator in an envelope and sealed in the presence of the retailer. The investigator testified that he had transmitted the invoices and the envelopes to the Bureau of Textiles and Furs of the Federal Trade Commission for testing. Custody was accounted for by a statement from the attorney who had received them and had turned them over to the laboratory. Thereafter, two laboratory technicians testified on the basis of their test reports (CX 3, 8, 36) that they had tested the hairs and had found the presence of an organic dye establishing that the descriptions contained on the labels, (CX 4, 6, and 34) and on the invoices (CX 1, 5, and 33) were incorrect. The invoices (CX 1, 5 and 33) contain the statement that a continuing guarantee of compliance with the Fur Products Labeling Act has been filed with the Federal Trade Commission. The custodian of

the records of continuing guarantees testified that no such guarantee had ever been filed by respondents.

After hearing the testimony described, the hearing examiner stated that additional evidence would be cumulative. Accordingly, complaint counsel did not offer prehearing exhibits marked for identification and numbered 9–32 and 37–44.

At the conclusion of the hearing, complaint counsel waived the filing of proposed findings.

Basis of Decision

On the testimony and the exhibits to which reference has been made as the principal supporting items of evidence and on his observation of the demeanor of the witnesses called by complaint counsel, respondents' having declined to appear, the hearing examiner makes the following findings of fact, conclusions and order:

FINDINGS OF FACT

1. Respondent M. Reiner & Sons, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York. (Admitted.)

2. Respondents Jack J. Reiner and Seymour Reiner are officers of the corporate respondent. They formulate, direct and control the acts, practices and policies of the said corporate respondent including those hereinafter set forth. (Admitted.)

3. Respondents are manufacturers of fur products with their office and principal place of business located at 345 Seventh Avenue, New York, New York. (Admitted.)

4. Respondents are now, and for some time last past have been engaged in the introduction into commerce, and in the manufacture for 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 manufactured for sale, sold, advertised, offered for sale, transported and distributed fur products which have been made in whole or in part of furs which have been shipped and received in commerce, as the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act. (Admitted.)

5. Certain of said fur products were misbranded in that they were falsely and deceptively labeled to show that fur contained therein was natural, when in fact such fur was pointed, bleached, dyed, tip-

dyed, or otherwise artificially colored, in violation of Section 4(1) of the Fur Products Labeling Act. (CX 4, 6, 34; CX 3, 8, 36.)

6. 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. (CX 4, 6, 34.)

7. Among such misbranded fur products, but not limited thereto, were fur products with labels which failed to disclose that the fur contained in the fur products was bleached, dyed, or otherwise artificially colored, when such was the fact. (CX 4, 6, 34; CX 3, 8, 36.)

8. Certain of said fur products were falsely and deceptively invoiced by the respondents in that they were not invoiced as required by Section 5(b)(1) of the Fur Products Labeling Act and the Rules and Regulations promulgated under such Act. (CX 1, 5, 33; CX 3, 8, 36.)

9. Among such falsely and deceptively invoiced fur products, but not limited thereto, were fur products covered by invoices which failed to disclose that the fur contained in the fur products was bleached, dyed, or otherwise artificially colored, when such was the fact. (CX 1, 5, 33; CX 3, 8, 36.)

10. Certain of said fur products were falsely and deceptively invoiced in that said fur products were invoiced to show that the fur contained therein was natural, when in fact such fur was pointed, bleached, dyed, tip-dyed or otherwise artificially colored, in violation of Section 5(b)(2) of the Fur Products Labeling Act. (CX 1, 5, 33; CX 3, 8, 36.)

11. Respondents furnished false guaranties under Section 10(b) of the Fur Products Labeling Act with respect to certain of their fur products by falsely representing in writing that respondents had a continuing guaranty on file with the Federal Trade Commission when respondents in furnishing such guaranties had reason to believe that the fur products so falsely guaranteed would be introduced, sold, transported and distributed in commerce, in violation of Rule 48(c) of said Rules and Regulations under the Fur Products Labeling Act and Section 10(b) of said Act. (CX 1, 5, 33.)

CONCLUSIONS

1. The Federal Trade Commission has jurisdiction over the respondents and over the subject matter of this proceeding.

2. The acts and practices of the respondents as found in the find-

ings of fact hereinabove set forth are in violation of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder and constitute unfair methods of competition and unfair and deceptive acts and practices in commerce under the Federal Trade Commission Act.

3. The following order should issue:

ORDER

It is ordered, That respondents M. Reiner & Sons, Inc., a corporation, and its officers, and Jack J. Reiner and Seymour Reiner, individually and as officers 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 sale, advertising or offering for sale in commerce, or the transportation or distribution in commerce, of any fur product; or in connection with the manufacture for sale, 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 the terms "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. Representing directly or by implication, on labels that the fur contained in any fur product is natural when the fur contained therein is pointed, bleached, dyed, tip-dyed, or otherwise artificially colored.

2. Failing to affix labels to fur products showing in words and in figures plainly legible all of the information required to be disclosed by each of the subsections of Section 4(2) of the Fur Products Labeling Act.

B. Falsely or deceptively invoicing fur products by:

1. Failing to furnish invoices, as the term "invoice" is defined in the Fur Products Labeling Act, showing in words and figures plainly legible all the information required to be disclosed by each of the subsections of Section 5(b)(1) of the Fur Products Labeling Act.

2. Representing, directly or by implication, on invoices that the fur contained in the fur products is natural when such fur is pointed, bleached, dyed, tip-dyed, or otherwise artificially colored.

It is further ordered, That respondents M. Reiner & Sons, Inc., a corporation, and its officers, and Jack J. Reiner and Seymour Reiner, individually and as officers of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, do forthwith cease and desist from furnishing a false guaranty that any fur product is not misbranded, falsely invoiced or falsely advertised when the respondents have reason to believe that such fur product may be introduced, sold, transported, or distributed in commerce.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further 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 of their compliance with this order.

Order Adopting Initial Decision

No appeal from the initial decision of the hearing examiner having been filed, but the Commission having stayed the effective date of the initial decision by its own order of April 29, 1970, pending proof of service thereof and in order to determine whether said initial decision constitutes an adequate disposition of this case; and

Proof of service of the initial decision having been received and the Commission having determined that the initial decision entered by the hearing examiner on March 31, 1970, adequately disposes of the issues in this case:

It is ordered, That the initial decision of the hearing examiner be, and it hereby is, adopted as the decision of the Commission.

In the Matter of

DAVID A. LEVENTHAL, INC., ET AL.

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

Docket C-1752. Complaint, June 24, 1970—Decision, June 24, 1970

Consent order requiring a New York City manufacturing furrier to cease falsely invoicing its fur products.

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 David A. Leventhal, Inc., a corporation, and David A. Leventhal, individually and as an officer of said corporation, 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 David A. Leventhal, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

Respondent David A. Leventhal is an officer of the corporate respondent. He formulates, directs and controls the acts, practices and policies of the said corporate respondent including those hereinafter set forth.

Respondents are manufacturers of fur products with their office and principal place of business located at 363 Seventh Avenue, New York, New York.

PAR. 2. Respondents are now and for some time last past have been 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 manufactured for sale, sold, advertised, offered for sale, transported and distributed fur products which have been made in whole or in part of furs which have been shipped and received in commerce, as the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act.

PAR. 3. Certain of said fur products were falsely and deceptively invoiced by respondents in that they were not invoiced as required by Section 5(b)(1) of the Fur Products Labeling Act and the Rules and Regulations promulgated under said Act.

Among such falsely and deceptively invoiced fur products, but not limited thereto, were fur products covered by invoices which failed to disclose that the fur contained in the fur products was dyed, when such was the fact.

PAR. 4. The aforesaid acts and practices of respondents, as herein alleged are in violation of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder and constitute unfair methods of competition and unfair and deceptive acts and practices in commerce under the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Textiles and Furs proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act and the Fur Products Labeling Act; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in § 2.34(b) of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent David A. Leventhal, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

Respondent David A. Leventhal is an officer of said corporation. He formulates, directs and controls the acts, practices and policies of said corporation.

Respondents are manufacturers of fur products with their office

and principal place of business located at 363 Seventh Avenue, New York, New York.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents David A. Leventhal, Inc., a corporation, and its officers, and David A. Leventhal, 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 sale, advertising or offering for sale in commerce, or the transportation or distribution in commerce, of any fur product; or in connection with the manufacture for sale, 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 the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act, do forthwith cease and desist from:

A. Falsely or deceptively invoicing fur products by:

1. Failing to furnish invoices, as the term "invoice" is defined in the Fur Products Labeling Act, showing in words and figures plainly legible all the information required to be disclosed by each of the subsections of Section 5(b)(1) of the Fur Products Labeling Act.

It is further ordered, That respondents notify the Commission at least 30 days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries, or any other changes in the corporation which may affect compliance obligations arising out of this order.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further 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 this order.

IN THE MATTER OF

ALFRED SHAHEEN, LIMITED, ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL TRADE COMMISSION AND THE FLAMMABLE FABRICS ACTS

Docket C-1753. Complaint, June 24, 1970—Decision, June 24, 1970

Consent order requiring a Honolulu, Hawaii, manufacturer and importer of women's and misses' wearing apparel to cease dealing in any product, fabric or related material which fails to meet the standards promulgated under the Flammable Fabrics Act.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Flammable Fabrics Act, as amended, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Alfred Shaheen, Limited, a corporation, and Alfred G. Shaheen, Kenneth Goto and Hazel Tanaka, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and the Rules and Regulations promulgated under the Flammable Fabrics Act, as amended, 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:

PAR. 1. Respondent Alfred Shaheen, Limited, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Hawaii. Its address is 1684 Kalauokalani Way, Honolulu, Hawaii.

Respondents Alfred G. Shaheen, Kenneth Goto and Hazel Tanaka are officers of the corporate respondent. They formulate, direct and control the acts, practices and policies of the said corporate respondent including those hereinafter set forth.

Respondents are engaged in the manufacture, importation and sale of women's and misses' wearing apparel, including, but not limited to, ladies' dresses. The business address of Alfred G. Shaheen is 300 East 9th Street, Los Angeles, California. The business address of Kenneth Goto and Hazel Tanaka is 1684 Kalauokalani Way, Honolulu, Hawaii.

PAR. 2. Respondents are now and for some time last past have been engaged in the sale and offering for sale, manufacturing for sale, in commerce and in the importation into the United States, and

have introduced, delivered for introduction, transported and caused to be transported in commerce, and have sold or delivered after sale or shipment in commerce, products, as the terms "commerce" and "product" are defined in the Flammable Fabrics Act, as amended, which products failed to conform to an applicable standard or regulation continued in effect, issued or amended under the provisions of the Flammable Fabrics Act, as amended.

Among such products mentioned hereinabove were ladies' dresses.

PAR. 3. Respondents are now and for some time last past have been furnishing their customers with a guaranty with respect to the product mentioned in Paragraph Two hereof to the effect that reasonable and representative tests made in accordance with the standards issued or amended under the provisions of Section 4 in the Flammable Fabrics Act, as amended, and the Rules and Regulations promulgated thereunder show that the product covered by the guaranty conforms with applicable flammability standards issued or amended under the provisions of the Flammable Fabrics Act, as amended. There was reason for respondents to believe that the product covered by such guaranty might be introduced, sold, or transported in commerce.

Said guaranty was false with respect to some of said products, because such reasonable and representative tests have not been made.

PAR. 4. The aforesaid acts and practices of respondents were and are in violation of the Flammable Fabrics Act, as amended, and the Rules and Regulations promulgated thereunder, and as such constitute unfair methods of competition and unfair and deceptive acts and practices in commerce, within the intent and meaning of the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Textiles and Furs proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act, and the Flammable Fabrics Act, as amended; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the

aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in § 2.34(b) of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Alfred Shaheen, Limited, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Hawaii, with its office and principal place of business located at 1624 Kalauokalani Way, Honolulu, Hawaii.

Respondents Alfred G. Shaheen, Kenneth Goto and Hazel Tanaka, are officers of said corporate respondent. They formulate, direct and control the acts, practices and policies of said corporate respondent.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That the respondents Alfred Shaheen, Limited, a corporation, and its officers, and Alfred G. Shaheen, Kenneth Goto and Hazel Tanaka, individually and as officers of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, do forthwith cease and desist from manufacturing for sale, selling, offering for sale, in commerce, or importing into the United States, or introducing, delivering for introduction, transporting or causing to be transported in commerce, or selling or delivering after sale or shipment in commerce, any product, fabric, or related material as "commerce," "product," "fabric" and "related material" are defined in the Flammable Fabrics Act, as amended, which product, fabric or related material fails to conform to an applicable standard or regulation continued in effect, issued or amended under the provisions of the aforesaid Act.

It is further ordered, That respondents herein shall, within ten

(10) days after service upon them of this order, file with the Commission an interim special report in writing setting forth the respondents' intention as to compliance with this order. This interim special report shall also advise the Commission fully and specifically concerning the identity of the product which gave rise to the complaint, (1) the amount of such product in inventory, (2) any action taken to notify customers of the flammability of such product and the results thereof and (3) any disposition of such product since September 1969. Such report shall further inform the Commission whether respondents have in inventory any other fabric, product or related material having a plain surface and made of silk, rayon and acetate, nylon and acetate, rayon or cotton or combinations thereof in a weight of two ounces or less per square yard or with a raised fiber surface and made of cotton or rayon or combinations thereof. Respondents will submit samples of any such fabric, product or related material with this report.

It is further ordered, That respondents Alfred Shaheen, Limited, a corporation, and its officers, and Alfred G. Shaheen, Kenneth Goto and Hazel Tanaka, individually and as officers of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, do forthwith cease and desist from furnishing a guaranty as set forth in Section 8(a) of the Flammable Fabrics Act, as amended, with respect to any product, fabric or related material which guaranty is false and when respondents have reason to believe that such product, fabric or related material may be introduced, sold, or transported in commerce.

It is further ordered, That the respondents herein either process the fabrics which gave rise to this complaint and any wearing apparel made from said fabrics so as to bring them within the applicable flammability standards of the Flammable Fabrics Act, as amended, or destroy said fabrics or any wearing apparel made therefrom.

It is further ordered, That respondents notify the Commission at least 30 days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further ordered, That the respondents herein shall, within

467-207—73——57

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 complied with this order.

IN THE MATTER OF

DUTCH AMERICAN FUR CORPORATION, ET AL.

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

Docket C-1754. Complaint, June 24, 1970—Decision, June 24, 1970

Consent order requiring a New York City dealer in fur skins and manufacturer of fur products to cease deceptively invoicing and misbranding its fur products.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and 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 Dutch American Fur Corporation, a corporation, and Eric Roll, individually and as an officer of said corporation, 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 Dutch American Fur Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

Respondent Eric Roll is an officer of said corporation, and formulates, directs and controls the policies, acts and practices of the corporate respondent, including the acts and practices hereinafter referred to.

Respondents are dealers in fur skins and manufacturers of fur products with their office and principal place of business located at 315 Seventh Avenue, New York, New York.

PAR. 2. Respondents are now and for some time last past have been engaged in the introduction into commerce, and in the manufacture for 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 manufactured for sale, and sold, advertised, offered for sale, transported and distributed fur products which have been made in whole or in part of furs which have been shipped and received in commerce, as the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act.

PAR. 3. Certain of said fur products were misbranded in that they were falsely and deceptively labeled to show that fur contained therein was natural, when in fact such fur was pointed, bleached, dyed, tip-dyed, or otherwise artificially colored, in violation of Section 4(1) of the Fur Products Labeling Act.

PAR. 4. 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 under such Act.

Among such misbranded fur products, but not limited thereto, were fur products with labels which failed to disclose that the fur contained in the fur products was bleached, dyed, or otherwise artificially colored, when such was the fact.

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

Among such misbranded fur products, but not limited thereto, were fur products covered by invoices which failed to show that the said fur products contained or were composed of bleached, dyed, or otherwise artificially colored fur, when such was the fact.

PAR. 6. Certain of said fur products were falsely and deceptively invoiced in that said fur products were invoiced to show that the fur contained therein was natural, when in fact such fur was pointed, bleached, dyed, tip-dyed or otherwise artificially colored, in violation of Section 5(b)(2) of the Fur Products Labeling Act.

PAR. 7. The aforesaid acts and practices of respondents, as herein alleged, are in violation of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder and constitute unfair methods of competition and unfair and deceptive acts and practices in commerce under the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption

hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Textiles and Furs proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act and the Fur Products Labeling Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in § 2.34(b) of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Dutch American Fur Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

Respondent Eric Roll is an officer of said corporation. He formulates, directs and controls the acts, practices and policies of said corporation.

Respondents are dealers in fur skins and manufacturers of fur products with their office and principal place of business located at 315 Seventh Avenue, New York, New York.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Dutch American Fur Corporation, a corporation, and its officers, and Eric Roll, 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 the manufacture for 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 manufacture for sale, 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 the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act, do forthwith cease and desist from:

A. Misbranding any fur product by:

1. Representing, directly or by implication, on a label that the fur contained in such fur product is natural when such fur is pointed, bleached, dyed, tip-dyed, or otherwise artificially colored.

2. Failing to affix a label to such products showing in words and in figures plainly legible all of the information required to be disclosed by each of the subsections of Section 4(2) of the Fur Products Labeling Act.

B. Falsely or deceptively invoicing any fur product by:

1. Failing to furnish an invoice, as the term "invoice" is defined in the Fur Products Labeling Act, showing in words and figures plainly legible all the information required to be disclosed by each of the subsections of Section 5(b)(1) of the Fur Products Labeling Act.

2. Representing directly or by implication on an invoice that the fur contained in such fur product is natural when such fur is pointed, bleached, dyed, tip-dyed, or otherwise artificially colored.

It is further ordered, That respondents notify the Commission at least 30 days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further 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 this order.

IN THE MATTER OF

RODKIN-BERMAN, INC., ET AL.

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

Docket C-1755. Complaint, June 24, 1970—Decision, June 24, 1970

Consent order requiring a Chicago, Ill., manufacturer and wholesaler of fur products to cease falsely invoicing its fur products.

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 Rodkin-Berman, Inc., a corporation, and Yale Rodkin and Erwin L. Berman, individually and as officers of said corporation, 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 Rodkin-Berman, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois. Respondents Yale Rodkin and Erwin L. Berman are officers of the corporate respondent. They formulate, direct and control the policies, acts and practices of the corporate respondent including those hereinafter set forth.

Respondents are manufacturers and wholesalers of fur products and wholesalers of furs with their office and principal place of business located at 190 North State Street, Chicago, Illinois.

PAR. 2. Respondents are now, and for some time last past have been, 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 furs which have been shipped and received in commerce; and have introduced into commerce, sold, advertised, and offered for sale in commerce, and transported and distributed in commerce, furs, as the terms "commerce,"

"fur" and "fur product" are defined in the Fur Products Labeling Act.

Par. 3. Certain of said furs or fur products were falsely and deceptively invoiced by the respondents in that they were not invoiced as required by Section 5(b)(1) of the Fur Products Labeling Act and the Rules and Regulations promulgated under such Act.

Among such falsely and deceptively invoiced furs or fur products were furs or fur products covered by invoices which failed to disclose that the furs or fur products were bleached, dyed or otherwise artificially colored, when such was the fact.

Par. 4. The aforesaid acts and practices of respondents, as herein alleged, are in violation of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder and constitute unfair methods of competition and unfair and deceptive acts and practices in commerce under the Federal Trade Commission Act.

Decision and Order

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Textiles and Furs proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act and the Fur Products Labeling Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it has reason to believe that the respondents have violated the said Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in § 2.34(b) of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Rodkin-Berman, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois with its office and principal place of business located at 190 North State Street, Chicago, Illinois.

Respondents Yale Rodkin and Erwin L. Berman are officers of said corporation. They formulate, direct and control the policies, acts and practices of said corporation and their address is the same as that of said corporation.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Rodkin-Berman, Inc., a corporation, and its officers, and Yale Rodkin and Erwin L. Berman, individually and as officers of said corporation, 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; or 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, as the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act, do forthwith cease and desist from falsely or deceptively invoicing such fur or fur product by failing to furnish an invoice, as the term "invoice" is defined in the Fur Products Labeling Act, showing in words and figures plainly legible all the information required to be disclosed by each of the subsections of Section 5(b)(1) of the Fur Products Labeling Act.

It is further ordered, That respondents notify the Commission at least 30 days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further 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 from in which they have complied with this order.

IN THE MATTER OF

SCM CORPORATION

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

Docket C-1756. Complaint, June 29, 1970—Decision, June 29, 1970

Consent order requiring the SCM Corporation, a manufacturer of office equipment, parts and supplies, with headquarters in New York City, to cease cancelling rental agreements for electrostatic copying machines, refusing to lease these machines unless lessee agrees to purchase all supplies from SCM, conditioning sale or lease of machines on agreements to use only SCM electrostatic copying supplies, leasing its Model 55 machines under a plan in which SCM furnishes all supplies to sell repair parts, maladjusting or tampering with SCM copying machines when non-SCM supplies are used, and terminating dealer contracts when the dealer sold SCM's products outside the territory specified in the contract.

COMPLAINT

The Federal Trade Commission having reason to believe that the corporation named in the caption hereof, has violated the provisions of Section 5 of the Federal Trade Commission Act (15 U.S.C. Section 45), and it appearing that a proceeding by it in respect thereof would be in the public interest, hereby issues this complaint stating its charges as follows:

PARAGRAPH 1. For purposes of this complaint, the following definitions shall apply:

1. Direct electrostatic process involves the copying of an image by electrically charging a zinc oxide coated paper and projecting an image on the paper which is retained when toner (ink particles) is applied.

2. Supplies are products which are used in variable proportions in respondent's office copiers and include such items as paper and toner used with electrostatic copying machines.

PAR. 2. Respondent SCM Corporation, hereinafter sometimes referred to as SCM or respondent, is a corporation organized and

doing business under the laws of the State of New York with its general office and place of business located at 299 Park Avenue, New York, New York.

PAR. 3. SCM is a diversified corporation operating domestically and internationally in the manufacture and distribution of products in the following lines of commerce: office equipment; coatings, resins and chemicals; food products; pulp paper and paper products; household appliances and housewares; teleprinter communications equipment and industrial processing equipment. In the year ended June 30, 1968, its sales revenues totaled approximately $745,000,000.

SCM has been for many years engaged in the manufacture, distribution and sale of office equipment including office copiers (employing among other methods the direct electrostatic process), electronic and mechanical calculators, portable and office typewriters. SCM also manufactures, distributes and sells the supplies and replacement parts for these products. In 1968, the net sales of these products were approximately $200,000,000.

PAR. 4. SCM causes the products which they manufacture, distribute and sell to be shipped to purchasers located in States other than the States in which such products are manufactured. In the course and conduct of their business, as above described, respondent is now, and has been at all times referred to herein, engaged in commerce, as "commerce" is defined in the Federal Trade Commission Act. There is now and has been a constant flow of respondent's products in commerce between and among the several States of the United States and the District of Columbia.

PAR. 5. Except to the extent that competition has been hindered, frustrated, lessened and eliminated by the acts and practices hereinbelow alleged in this complaint, SCM has been and is in competition with other corporations, partnerships, individuals or firms engaged in the sale and distribution of office equipment.

PAR. 6. Respondent has hindered, frustrated, lessened and eliminated competition in the sale and distribution of office copiers and office typewriters by engaging in the following acts and practices, among others:

A. In connection with the sale and distribution of office copiers:

(a) Cancelling, and threatening to cancel, rental agreements for its electrostatic copying machines when the lessee purchases non-SCM supplies;

(b) Refusing to lease its electrostatic copying machines unless the lessee agrees to purchase all supplies from respondent;

(c) Selling and leasing its electrostatic copying machines on the

condition, agreement, or understanding that the purchaser and/or lessee will not use non-SCM electrostatic copying supplies;

(d) Leasing its Model 55 electrostatic copying machines solely through a "copy service" plan in which all supplies are furnished by respondent;

(e) Refusing to sell repair parts to owners and repairmen who are qualified to make such repairs;

(f) Maintaining a policy of placing restraints upon the alienation of parts and subassemblies produced for it by its suppliers by entering into contracts with said suppliers in which the suppliers agree not to sell products made for SCM to any other party;

(g) Refusing, and threatening to refuse, to honor the guarantees given to purchasers of SCM electrostatic copying machines who intend to purchase or have purchased non-SCM electrostatic supplies;

(h) Refusing, and threatening to refuse, to honor service agreements made between respondent and purchasers of its electrostatic copying machines who have purchased non-SCM electrostatic supplies;

(i) Falsely disparaging or making false or misleading representations to purchasers and prospective purchasers of SCM machines concerning the effectiveness and/or quality of non-SCM supplies;

(j) Maladjusting or tampering with owned and/or leased SCM electrostatic copying machines when non-SCM copying supplies are used;

(k) Making impracticable the purchase of non-SCM electrostatic paper by providing toner at no cost to purchasers of SCM electrostatic paper but charging inflated prices for toner when non-SCM paper is used;

(l) Terminating, and threatening to terminate, dealer contracts when the dealer attempted to sell, or, in fact, sold respondent's products outside of the territory specified in the dealer's contract;

(m) Terminating, and threatening to terminate, dealer contracts when the dealer attempted to sell, or, in fact, sold respondent's products to SCM's competitors in the sale of supplies for SCM's electrostatic copying machines.

B. In connection with the sale and distribution of office copiers and office typewriters:

(a) Entering into contracts with its dealers whereby the dealer agrees that it will not make or attempt to make any sales of respondent's products outside of a territory specified in the dealer's contract

PAR. 7. These aforesaid acts, practices, agreements, understand-

ings, combinations, conspiracies, and planned courses of action are to the prejudice of the public; have hindered, lessened, restrained, restricted, and eliminated competition in commerce, in the purchase, distribution, offering for sale and resale of office copiers, supplies and replacement parts, and office typewriters; and therefore constitute violations of Section 5 of the Federal Trade Commission Act (15 U.S.C. 45).

Decision and Order

The Commission having heretofore determined to issue its complaint charging the respondent named in the caption hereof with violation of the Federal Trade Commission Act, and the respondent having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by respondent of all the jurisdictional facts set forth in the complaint to issue herein, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as set forth in such complaint, and waivers and provisions as required by the Commission's rules; and

The Commission having thereafter considered the matter and having determined that it has reason to believe that respondent has violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon provisionally accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, and having received and duly considered comments from interested members of the public, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent SCM Corporation, is a corporation organized and doing business under the laws of the State of New York, with its executive office and place of business located at 299 Park Avenue, in the city of New York, State of New York.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

In approving the final order, the Commission has given consideration to the comments made by interested parties and concludes that:

1. All things considered here the public interest does not require inclusion of a clause in which respondent admits to the allegations of the complaint. The agreement entered into conforms with Section 2.33, which specifically permits the inclusion of a clause in consent settlements stating that the agreement does not constitute an admission that the law has been violated as alleged in the complaint. The Commission is aware, of course, that the inclusions in consent settlements of such a clause would encourage and be of aid in private actions as a means of enforcing the law. Insistence by the Commission upon the inclusion of an admission that the law has been violated in consent settlements, however, must be weighed against the prospects of lengthy litigation of uncertain outcome. In the instant proceeding the Commission believes that the public should not be deprived of the benefits of the expeditious settlement of the matter, which might not be possible if an admission of the allegations in the complaint were required. The Commission also notes that a number of private actions have been completed or are pending involving the acts and practices of SCM in the office copier industry. *Advance Business Systems & Supply Co.* v. *SCM Corp.*, 415 F. 2d 55 (4th Cir. 1969), *cert. den.*, 397 U.S. 920 (1970); *In re Multi-District Civil Antitrust Litigation Involving Photocopy Paper*, 305 F. Supp. 60 (1969).

2. A remedial provision which would require SCM to make customer lists public appears unnecessary in an industry in which the identity of such customers is readily ascertainable as a result of constant canvassing of potential customers by companies engaged in the sale of office copier supplies.

3. Requiring SCM to notify its customers that they are free to purchase copier supplies from non-SCM sources and that such sources have acceptable supplies is unnecessary in this matter. The Commission does not believe that the public interest requires such notification in light of the obligations to which SCM will be subjected under the Commission's compliance procedure.

4. It is not believed necessary to modify Paragraph three of the order so as to require SCM to offer its copiers on a rental basis in which supplies are not provided (rental basis) when it offers copiers on a copy service basis, *i.e.*, a rental basis in which supplies are provided with the copiers. Paragraph three of the order requires SCM to offer its copiers on a rental basis when it offers its copiers on a copy service basis, if the copiers are unavailable on a reasonable

lease basis from third party lessors. The purpose of this provision is to prohibit SCM from foreclosing competition in the sale of supplies by only marketing its copiers on a copy service basis. This purpose is achieved by this provision even though SCM is not necessarily the one who offers to rent copiers on a rental basis.

In addition, the public interest is not served by changing Paragraph three to require SCM to set the terms for its copy service agreements in such a manner that the terms are not economically more adventageous to a potential user than the terms of a rental agreement in which supplies are not provided. Paragraph three requires SCM to make available its copiers on a reasonable rental basis when its offers its copiers on a copy service basis and criteria are set forth for determining reasonableness. Although the economically advantageous approach suggests a mathematical exactness, in fact, in the final analysis, it is no different than the reasonableness approach which is contemplated in Paragraph three.

5. Deleting the portion of Paragraph four which permits SCM to terminate service agreements and warranties when it can demonstrate that particular supplies of a manufacturer have substantially impaired the effective operation of its copiers or repeatedly damaged such copiers is inappropriate. Well established precedent supports the proposition that a manufacturer can protect its equipment from being harmed by competitors' supplies by not permitting such supplies to be used with its equipment.

ORDER

For purposes of this order, the following definitions shall apply:

(a) Supplies are products which are used in variable proportions in respondent's office copiers and include such items as paper and toner used with electrostatic copying machines.

(b) A lease will be distinguished from a rental agreement in the following manner: a lease involves as lessor a third party which is not a subsidiary or affiliate of respondent and a rental agreement involves as lessor respondent or a subsidiary or affiliate thereof.

(c) Reasonable price, reasonable lease basis or reasonable rental basis shall be determined with reference to criteria which shall include, but not be limited to, one or more of the following: customer or market acceptance; comparability to similar copiers of other manufacturers freely sold, leased or rented; cost of manufacture and sale; and other market or competitive conditions.

I

It is ordered, That respondent, SCM Corporation, a corporation, and its officers, agents, representatives, employees, successors and assigns, directly or through any corporate or other device, in connection with the sale or distribution of office copiers and supplies in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Cancelling or threatening to cancel any lease or rental agreement for its office copiers because the lessee or rentor has purchased and/or used non-SCM supplies, except under the conditions set forth in Paragraph 4 relating to the substantial impairment of the effective operation of respondent's copiers or repeated damage to such copiers;

2. Refusing to lease, rent or sell its office copiers unless the lessee, rentor or purchaser agrees to purchase SCM supplies; or leasing, renting or selling its copiers on the condition, agreement or understanding that the lessee, rentor or purchaser agrees to purchase SCM supplies; except that respondent may lease, rent or sell copiers on such condition, agreement or understanding if the separate availability requirements set forth in Paragraph 3 are met;

3. Entering into, adhering to, or maintaining any contract or agreement in which the user pays a fee based on the usage of office copiers and receives therewith the copier, supplies and service (hereinafter termed "copy service"), unless at the time copy service is offered to any potential user there is also made available to such users or potential users similar copiers for sale at a reasonable price and unless such copiers are also made available to such users or potential users on a reasonable rental basis not including supplies if it is not available on a reasonable lease basis, with such users or potential users being informed of the availability of such copiers on such a reasonable rental basis if they are not available on a reasonable lease basis;

4. Terminating or threatening to terminate guarantees and/or service agreements made between respondent and purchasers of its office copiers who have contemplated purchasing or who have purchased non-SCM supplies: *Provided*, *however*, If respondent can demonstrate that particular supplies of a manufacturer have substantially impaired the effective operation of its copiers or repeatedly damaged its copiers, respondent may then advise and announce to users of the particular supplies that continued use

may damage or substantially impair the effective operation of its copiers and that the guarantees or service agreements will be forfeited. For a period of five years copies of all such advices or announcements must be sent to the Commission. In the event of any forfeiture described in this paragraph, in those localities where respondent continues to perform service pursuant to guarantees or agreements with others, it will offer to provide service at its regular time and material rates;

5. Refusing to sell office copier repair parts, so long as such parts are made available to respondent's dealers, to owners of SCM copiers for use in their copiers or to independent repairmen who regularly engage in the repair, maintenance and service of SCM copiers;

6. Misrepresenting the effectiveness or quality of non-SCM supplies when respondent gives executive or supervisory approval to such misrepresentation or has knowledge or constructive knowledge of such misrepresentation;

7. Maladjusting or tampering with SCM office copiers for the purpose of demonstrating the ineffectiveness or poor quality of non-SCM supplies when respondent gives executive or supervisory approval to such maladjusting or tampering or has knowledge or constructive knowledge of such maladjusting or tampering.

II

It is further ordered, That respondent, SCM Corporation, a corporation, and its officers, agents, representatives, employees, successors and assigns, directly or through any corporate or other device, in connection with the sale or distribution of office copiers and office typewriters in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Entering into, adhering to or maintaining any contract, combination or understanding with any dealer of office copiers or office typewriters to limit, allocate or restrict the territory in which, or the person or class of persons to whom, such dealer may sell such equipment, or to restrict the location of the dealer's place of business, or provide for an allocation of fees between such dealer and other dealers: *Provided*, That nothing in this order shall prohibit respondent from:

A. Designating geographical areas within which a dealer may agree to devote his best efforts to the sale of such equipment (hereafter "area of primary responsibility") as a

condition of becoming a dealer or maintaining a dealership: *Provided*, That such dealers are told that said area is not exclusive and does not place a territorial restriction upon the sale of such equipment;

B. Requiring any dealer to undertake obligations of installation, guarantee and continuing service, maintenance and customer relations (hereinafter "sales-related services") in connection with the use of any such equipment sold, leased or rented in the dealer's area of primary responsibility or with respect to any equipment sold by the dealer to any person, as a condition of becoming a dealer or maintaining a dealership;

C. Suggesting to a dealer the amount of payment of fees for sales-related services, and providing a method therefor, where a dealer sells outside of his area of primary responsibility and such sales-related services must be performed by another dealer; or establishing such fees as a condition of becoming a dealer or maintaining a dealership when a dealer sells equipment for installation in a geographical area in which respondent performs such sales-related services or when respondent sells equipment for installation in a dealer's area of primary responsibility.

2. Cancelling or terminating or threatening to cancel or terminate any dealer, or in any way penalizing any dealer, because of the person or classes of persons to whom such dealer sells, or the territory within which such dealer has sold or attempted to sell office copiers or office typewriters or the location of the dealer's place of business.

III

It is further ordered, That respondent shall, within sixty (60) days after service upon it of this order, serve upon all of its office copier and office typewriter dealers, a letter by certified mail, signed by a responsible official binding the respondent, and on official SCM Corporation, Smith-Corona Marchant Division stationery, which shall include the following statement in its first paragraph: "The Federal Trade Commission has entered an order which, among other things, prohibits SCM Corporation from limiting, allocating or restricting the territory or the class of persons to whom our office copier or office typewriter dealers may sell, as more fully set forth in the relevant provisions of the Order which are enclosed." The rele-

467-207—73——58

vant provisions of this order which shall be enclosed in such letters to dealers are Sections II and III thereof.

IV

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

V

It is further ordered, That respondent notify the Commission at least 30 days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

Commissioner Elman not concurring.

IN THE MATTER OF

LEWIS RUSOFF, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL TRADE COMMISSION, THE TEXTILE FIBER PRODUCTS IDENTIFICATION AND THE WOOL PRODUCTS LABELING ACTS

Docket C-1757. Complaint, July 2, 1970—Decision, July 2, 1970

Consent order requiring two Hoboken, N.J., converters and jobbers to cease misbranding, falsely guaranteeing, and failing to keep required records, in violation of the Textile Fiber Products Identification Act and the Wool Products Labeling Act.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Textile Fiber Products Identification Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission having reason to believe that Lewis Rusoff, Inc., a corporation, Leonard Fabrics, Inc., a corporation, and Lewis Rusoff, individually and as an officer of said corporations, hereinafter referred to as respondents, have violated the provisions of said Acts and the Rules and Regulations promulgated under the Textile Fiber Products Identification Act, and it appearing to the Commission that a pro-

ceeding by it in respect thereof would be in the public interest, hereby issues its charges in that respect as follows:

Paragraph 1. Respondent Lewis Rusoff, 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 1036–1040 Grand Street, Hoboken, New Jersey and its buying office at 151 West 40th Street, New York, New York.

Respondent Leonard Fabrics, 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 1036–1040 Grand Street, Hoboken, New Jersey, and its buying office at 151 West 40th Street, New York, New York.

Respondent Lewis Rusoff is an officer of said corporate respondents. He formulates, directs and controls the acts, practices and policies of said corporations, including the acts and practices hereinafter referred to. The office and principal place of business of said individual respondent is the same as that of the corporate respondents.

Respondents' operations may be classified as that of converters and jobbers. These operations consist of the purchasing of odd lots, mill ends and close-outs of woolen goods and textile fiber products in both greige and printed fabric form. The greige goods are thereafter dyed, and the fabrics are prepared in bundles of various lengths, and sold in commerce to their customers, who are garment manufacturers and department stores.

Respondents perform a step in the manufacturing process, in that fabrics purchased by them in the greige are finished under their direction.

Par. 2. Respondents are now and for some time last past have been engaged in the introduction, delivery for introduction, manufacture for introduction, sale, advertising, and offering for sale, in commerce, and in the transportation or causing to be transported in commerce, and in the importation into the United States, of textile fiber products; and have sold, offered for sale, advertised, delivered, transported and caused to be transported, textile fiber products, which have been advertised or offered for sale in commerce; and have sold, offered for sale, advertised, delivered, transported and caused to be transported, after shipment in commerce, textile fiber products, either in their original state or contained in other textile fiber products, as the terms "commerce" and "textile fiber product" are defined in the Textile Fiber Products Identification Act.

Par. 3. Certain of said textile fiber products were misbranded by the respondents within the intent and meaning of Section 4(a) of

the Textile Fiber Products Identification Act and the Rules and Regulations promulgated thereunder in that they were falsely or deceptively stamped, tagged, labeled, invoiced, advertised or otherwise identified as to the name or amount of constituent fibers contained therein.

Among such misbranded textile fiber products, but not limited thereto, were textile fiber products, namely fabrics, invoiced as "Dacron Polyester Double Knits" whereas in truth and in fact, such fabrics contained substantially different fibers and amounts of fibers than represented.

PAR. 4. Certain of said textile fiber products were misbranded by respondents in that they were not stamped, tagged, labeled, or otherwise identified as required under the provisions of Section 4(b) of the Textile Fiber Products Identification Act, and in the manner and form as prescribed by the Rules promulgated under said Act.

Among such misbranded textile fiber products, but not limited thereto, were textile fiber products without labels or with labels which failed to disclose the true generic name of the fiber present.

PAR. 5. Respondents have failed to maintain and preserve proper records showing the fiber content of their textile fiber products, in the following respects:

1. Records of textile fiber products manufactured by them were not maintained and preserved as required, in violation of Section 6(a) of the Textile Fiber Products Identification Act and Rule 39 of the Rules and Regulations promulgated thereunder.

2. Respondents substituted stamps, tags, labels, or other identification pursuant to Section 5(b) of the Textile Fiber Products Identification Act and failed to maintain and preserve such records as would show the information set forth on the stamps, tags, labels or other identification removed by respondents, together with the name or names of the person or persons from whom such textile fiber products were received, in violation of Section 6(b) of the Textile Fiber Products Identification Act.

PAR. 6. Certain of said textile fiber products were misbranded in violation of the Textile Fiber Products Identification Act in that they were not labeled in accordance with the Rules and Regulations promulgated thereunder inasmuch as samples, swatches and specimens of textile fiber products subject to the aforesaid Act, which were used to promote or effect sales of such textile fiber products, were not labeled to show their respective fiber contents and other information required by Section 4(b) of the Textile Fiber Products

Identification Act and the Rules and Regulations promulgated thereunder, in violation of Rule 21(a) of said Rules and Regulations.

PAR. 7. Respondents furnished false guaranties under Section 10(b) of the Textile Fiber Products Identification Act with respect to certain of their textile fiber products by falsely representing in writing on invoices that said respondents had a continuing guaranty on file with the Federal Trade Commission, when said respondents did not, in fact, have such a guaranty on file.

PAR. 8. The acts and practices of respondents as set forth above were, and are, in violation of the Textile Fiber Products Identification Act and the Rules and Regulations promulgated thereunder, and constituted, and now constitute, unfair methods of competition and unfair and deceptive acts or practices, in commerce, under the Federal Trade Commission Act.

PAR. 9. Respondents are now and for some time last past have been engaged in the advertising, sale, offering for sale, and distribution of fabrics, and other products, in commerce, as "commerce" is defined in the Federal Trade Commission Act.

In the course and conduct of their business, respondents now cause and for some time last past have caused, their said products, when sold, to be shipped from their place of business in the State of New Jersey to purchasers thereof located in various other States of the United States, and maintain and at all times mentioned herein have maintained, a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 10. Respondents in the course and conduct of their business, as aforesaid, have affixed the following type fabric pattern card to dress length samples of fabric:

Simplicity Pattern
Famous Designer
Sample Fabric.

PAR. 11. Through the use of such statements and representations as set forth above, and others similar thereto, but not specifically set out herein, the respondents have represented directly or indirectly, that all dress length samples of fabric to which this fabric pattern card is attached have been obtained from famous designers, when in truth and in fact, not all such fabrics have been obtained from famous designers, and therefore, the statements and representations made by the respondents were and are false, misleading and deceptive.

PAR. 12. In the course and conduct of their business, the aforesaid respondents, on their invoices, have used the term "mill," thus stating or implying that respondents own, operate or control a mill or factory in which fabric or other products sold by them are manufactured, and that such mill or factory is located at 1040 Grand Street, Hoboken, New Jersey.

PAR. 13. In truth and in fact, respondents do not own, operate, or control any mill or factory where the aforesaid fabrics or other products sold by them are manufactured. Thus the aforesaid representation is false, misleading and deceptive.

PAR. 14. There is a preference on the part of many members of the public to buy products directly from mills or factories in the belief that by so doing, certain advantages accrue to them, including lower prices.

PAR. 15. Respondents in the course and conduct of their business have made guaranty statements on fabric pattern cards affixed to dress length samples of fabric, as follows:

Satisfaction Guaranteed.

PAR. 16. Through the use of such statements and representations as set forth above, and others similar thereto, but not specifically set out herein, the respondents have represented directly or indirectly, to the purchasing public, that said fabric samples are unconditionally guaranteed.

PAR. 17. In truth and in fact, said fabric samples are not unconditionally guaranteed and the nature and extent of the guarantee and the manner in which the guarantor will perform was not set forth in connection therewith. Moreover, the name and address of the guarantor were not set forth as required. Therefore, the statements and representations made by the respondents, as hereinbefore stated, were and are, false, misleading and deceptive.

PAR. 18. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has, the capacity and tendency to mislead purchasers into the erroneous and mistaken belief that such statements and representations were, and are, true and into the purchase of substantial quantities of said respondents' products by reason of said erroneous and mistaken belief.

PAR. 19. The aforesaid acts and practices of respondents, as herein alleged in Paragraphs Ten through Eighteen were, and are, all to the prejudice and injury of the public, and constituted and now constitute, unfair methods of competition and unfair and deceptive acts

and practices in commerce in violation of Section 5(a)(1) of the Federal Trade Commission Act.

PAR. 20. Respondents, now and for some time last past, have introduced into commerce, manufactured for introduction into commerce, sold, transported, distributed, delivered for shipment, shipped, and offered for sale, in commerce, as "commerce" is defined in the Wool Products Labeling Act of 1939, wool products as "wool product" is defined therein.

PAR. 21. Certain of said wool products were misbranded by the respondents within the intent and meaning of Section 4(a)(1) of the Wool Products Labeling Act of 1939 and the Rules and Regulations promulgated thereunder, in that they were falsely and deceptively stamped, tagged, labeled, or otherwise identified with respect to the character and amount of the constituent fibers contained therein.

PAR. 22. Certain of said wool products were further misbranded by respondents in that they were not stamped, tagged, labeled, or otherwise identified as required under the provisions of Section 4(a)(2) of the Wool Products Labeling Act of 1939 and in the manner and form as prescribed by the Rules and Regulations promulgated under said Act.

PAR. 23. Certain of said wool products were misbranded in violation of the Wool Products Labeling Act of 1939 in that they were not labeled in accordance with the Rules and Regulations promulgated thereunder inasmuch as samples, swatches or specimens of wool products subject to the aforesaid Act, which were used to promote or effect sales of such wool products, were not labeled to show their respective fiber contents and other information required by law in violation of Rule 22 of said Rules and Regulations.

PAR. 24. The acts and practices of the respondents as set forth above in Paragraphs Twenty-one through Twenty-three were, and are, in violation of the Wool Products Labeling Act of 1939 and the Rules and Regulations promulgated thereunder, and constituted, and now constitute, unfair methods of competition and unfair and deceptive acts and practices in commerce, within the intent and meaning of the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Textiles and Furs

proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act and the Textile Fiber Products Identification Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in § 2.34(b) of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Lewis Rusoff, 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 1036–1040 Grand Street, Hoboken, New Jersey, and its buying office at 151 West 40th Street, New York, New York.

Respondent Leonard Fabrics, 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 1036–1040 Grand Street, Hoboken, New Jersey, and its buying office at 151 West 40th Street, New York, New York.

Respondent Lewis Rusoff is an officer of said corporate respondents. He formulates, directs and controls the acts, practices and policies of said corporations and his address is the same as that of said corporations.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Lewis Rusoff, Inc., a corporation, and its officers, Leonard Fabrics, Inc., a corporation, and its officers,

and Lewis Rusoff, individually and as an officer of said corporations, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction, delivery for introduction, manufacture for introduction, sale, advertising, or offering for sale, in commerce, or the transportation or causing to be transported in commerce, or the importation into the United States, of any textile fiber product; or in connection with the sale, offering for sale, advertising, delivery, transportation or causing to be transported, of any textile fiber product which has been advertised or offered for sale in commerce; or in connection with the sale, offering for sale, advertising, delivery, transportation, or causing to be transported, after shipment in commerce, of any textile fiber product, whether in its original state or contained in other textile fiber products, as the terms "commerce" and "textile fiber product" are defined in the Textile Fiber Products Identification Act, do forthwith cease and desist from:

A. Misbranding such products by:

1. Falsely or deceptively stamping, tagging, labeling, invoicing, advertising, or otherwise identifying such products as to the name or amount of constituent fibers contained therein.

2. Failing to affix a stamp, tag, label, or other means of identification to each such product showing in a clear, legible and conspicuous manner each element of information required to be disclosed by Section 4(b) of the Textile Fiber Products Identification Act.

3. Failing to affix labels to samples, swatches or specimens of textile fiber products used to promote or effect the sale of such textile fiber products showing in words and figures plainly legible all the information required to be disclosed by Section 4(b) of the Textile Fiber Products Identification Act.

B. Failing to maintain and preserve proper records of fiber content of textile fiber products manufactured by respondents, as required by Section 6(a) of the Textile Fiber Products Identification Act and Rule 39 of the Rules and Regulations promulgated thereunder.

C. Failing to maintain and preserve, as required by Section 6(b) of the Textile Fiber Products Identification Act, such records of the fiber content of textile fiber products as will show the information set forth on the stamps, tags, labels, or other

identification removed by respondents, together with the name or names of the person or persons from whom such textile fiber products were received, when substituting stamps, tags, labels, or other identification pursuant to Section 5(b) of the Textile Fiber Products Identification Act.

It is further ordered, That respondents Lewis Rusoff, Inc., a corporation, and its officers, Leonard Fabrics, Inc., a corporation, and its officers, and Lewis Rusoff, individually and as an officer of said corporations, and respondents' representatives, agents and employees, directly or through any corporate or other device, do forthwith cease and desist from furnishing a false guaranty that any textile fiber product is not misbranded or falsely or deceptively invoiced or advertised under the provisions of the Textile Fiber Products Identification Act.

It is further ordered, That respondents Lewis Rusoff, Inc., a corporation, and its officers, Leonard Fabrics, Inc., a corporation, and its officers, and Lewis Rusoff, individually and as an officer of said corporations, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of merchandise in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Directly or indirectly using the word "mills," or any other word or term of similar import or meaning on invoices, shipping memoranda or other of respondents' documents distributed in commerce, or representing in any other manner that respondents perform the functions of a mill or otherwise manufacture or process products sold by them unless and until respondents own and operate, or directly and absolutely control the mills wherein said products are manufactured.

2. Misrepresenting in any manner that respondents have mills or factories where their products are manufactured.

3. Representing, directly or indirectly, that their fabrics or other products are styled by "Famous Designers," unless and until such representations are in fact true.

4. Representing that any of respondents' products are guaranteed, unless the nature and extent of the guarantee, the name of the guarantor, the address of the guarantor and the manner in

which the guarantor will perform thereunder are clearly and conspicuously disclosed.

It is further ordered, That respondents Lewis Rusoff, Inc., a corporation, and its officers, Leonard Fabrics, Inc., a corporation, and its officers, and Lewis Rusoff, individually and as an officer of said corporations, 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, distribution, delivery for shipment or shipment, in commerce, of wool products, as "commerce" and "wool product" are defined in the Wool Products Labeling Act of 1939, do forthwith cease and desist from misbranding wool products by:

1. Falsely and deceptively stamping, tagging, labeling, or otherwise identifying such products as to the character or amount of the constituent fibers contained 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, each element of information required to be disclosed by Section 4(a)(2) of the Wool Products Labeling Act of 1939.

3. Failing to affix labels to samples, swatches or specimens of wool products used to promote or effect sales of such wool products, showing their respective fiber contents and other information required by law.

It is further ordered, That respondents notify the Commission at least 30 days prior to any proposed change in the corporate respondents such as dissolution, assignment or sale resulting in the emergence of successor corporations, the creation or dissolution of subsidiaries or any other change in the corporations which may affect compliance obligations arising out of the order.

It is further ordered, That the respondent corporations shall forthwith distribute a copy of this order to each of their operating divisions.

It is further ordered, That 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 this order.

IN THE MATTER OF

MONROE LANG

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

Docket C-1758. Complaint, July 2, 1970—Decision, July 2, 1970

Consent order requiring a Chicago, Ill., fur dealer to cease falsely or deceptively invoicing any furs or fur products.

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 Monroe Lang, an individual trading as Monroe Lang, hereinafter referred to as respondent, has 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 Monroe Lang is an individual trading as Monroe Lang.

Respondent is a fur dealer with his office and principal place of business located at 190 North State Street, Chicago, Illinois.

PAR. 2. Respondent is now and for some time last past has been 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 has sold, advertised, offered for sale, transported and distributed fur products which have been made in whole or in part of furs which have been shipped and received in commerce, and has introduced into commerce, and sold, advertised and offered for sale in commerce, and transported and distributed in commerce, furs, as the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act.

PAR. 3. Certain of said furs or fur products were falsely and deceptively invoiced by the respondent in that they were not invoiced as required by Section 5(b)(1) of the Fur Products Labeling Act and the Rules and Regulations promulgated under such Act.

Among such falsely and deceptively invoiced furs or fur products,

but not limited thereto, were furs or fur products covered by invoices which failed to disclose that the furs or fur products were bleached, dyed or otherwise artificially colored, when such was the fact.

PAR. 4. The aforesaid acts and practices of respondent, as herein alleged, are in violation of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder and constitute unfair methods of competition and unfair and deceptive acts and practices in commerce under the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the Bureau of Textiles and Furs proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of the Federal Trade Commission Act and the Fur Products Labeling Act; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it has reason to believe that the respondent has violated the said Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in § 2.34(b) of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Monroe Lang is an individual trading as Monroe Lang with his office and principal place of business located at 190 North State Street, Chicago, Illinois.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

It is ordered, That respondent Monroe Lang, individually and trading as Monroe Lang or 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 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, or in connection with the introduction into commerce, or the sale, advertising or offering for sale of any fur, as the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act, do forthwith cease and desist from falsely or deceptively invoicing any fur or fur product by failing to furnish an invoice, as the term "invoice" is defined in the Fur Products Labeling Act, showing in words and figures plainly legible all the information required to be disclosed by each of the subsections of Section 5(b)(1) of the Fur Products Labeling Act.

It is further 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 this order.

IN THE MATTER OF

MANIS & STEVE FURS, ET AL.

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

Docket C-1759. Complaint, July 2, 1970—Decision, July 2, 1970

Consent order requiring a New York City manufacturing furrier to cease misbranding and falsely invoicing its fur products.

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 Manis & Steve Furs, a partnership, and Stylianos Tseas and Manis Antzoulatos, individually and as copartners trading as Manis & Steve Furs, 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 Manis & Steve Furs is a partnership organized, existing and doing business under and by virtue of the laws of the State of New York.

Respondents Stylianos Tseas and Manis Antzoulatos are copartners in the said partnership. They formulate, direct and control the policies, acts and practices of the said partnership.

Respondents are manufacturers of fur products with their office and principal place of business located at 245 West 29th Street, New York, New York.

PAR. 2. Respondents are now and for some time last past have been engaged in the introduction into commerce, and in the manufacture for 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 manufactured for sale, sold, advertised, offered for sale, transported and distributed fur products which have been made in whole or in part of furs which have been shipped and received in commerce, as the terms "commerce," "fur" and "fur product" 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.

Among such misbranded fur products, but not limited thereto, were fur products with labels which failed to disclose that the fur contained in the fur products was bleached, dyed, or otherwise artificially colored, when such was the fact.

PAR. 4. Certain of said fur products were falsely and deceptively invoiced by the respondents in that they were not invoiced as required by Section 5(b)(1) of the Fur Products Labeling Act and the Rules and Regulations promulgated under such Act.

Among such falsely and deceptively invoiced fur products, but not limited thereto, were fur products covered by invoices which failed

to disclose that the fur products were bleached, dyed or otherwise artificially colored, when such was the fact.

PAR. 5. The aforesaid acts and practices of respondents, as herein alleged, are in violation of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder and constitute unfair methods of competition and unfair and deceptive acts and practices in commerce under the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Textiles and Furs proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act and the Fur Products Labeling Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it has reason to believe that the respondents have violated the said Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in § 2.34(b) of the Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order;

1. Respondent Manis & Steve Furs is a partnership organized, existing and doing business under the laws of the State of New York with its office and principal place of business located at 245 West 29th Street, New York, New York.

Respondents Stylianos Tseas and Manis Antzoulatos are individual copartners in the said partnership. They formulate, direct and control the policies, acts and practices of said partnership. Their address is the same as that of said partnership.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondent Manis & Steve Furs, a partnership, and respondents Stylianos Tseas and Manis Antzoulatos, individually and as copartners trading as Manis & Steve Furs 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 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 manufacture for sale, 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 the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act, do forthwith cease and desist from:

1. Misbranding any fur product by failing to affix a label to such fur product showing in words and figures plainly legible all of the information required to be disclosed by each of the subsections of Section 4(2) of the Fur Products Labeling Act.
2. Falsely or deceptively invoicing any fur product by failing to furnish an invoice, as the term "invoice" is defined in the Fur Products Labeling Act, showing in words and figures plainly legible all the information required to be disclosed by each of the subsections of Section 5(b)(1) of the Fur Products Labeling Act.

It is further 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 this order.

IN THE MATTER OF

S. GARBER, INC., ET AL.

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

Docket C-1760. Complaint, July 2, 1970—Decision, July 2, 1970

Consent order requiring a Chicago, Ill., dealer in furs to cease falsely invoicing its fur products.

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 S. Garber, Inc., a corporation, and Sidney Garber, Shirley Garber and Bessie Garber, individually and as officers of said corporation, 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 S. Garber, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois.

Respondents Sidney Garber, Shirley Garber and Bessie Garber are officers of the corporate respondent. They formulate, direct and control the policies, acts and practices of the corporate respondent including those hereinafter set forth.

Respondents are fur dealers with their office and principal place of business located at 162 North State Street, Chicago, Illinois.

PAR. 2. Respondents are now, and for some time last past have been, 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 furs which have been shipped and received in commerce; and have introduced into commerce, sold, advertised, and offered for sale in commerce, and transported and distributed in commerce, furs, as the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act.

PAR. 3. Certain of said furs or fur products were falsely and deceptively invoiced by the respondents in that they were not invoiced as required by Section 5(b)(1) of the Fur Products Labeling Act and the Rules and Regulations promulgated under such Act.

Among such falsely and deceptively invoiced furs or fur products were furs or fur products covered by invoices which failed to disclose that the furs or fur products were bleached, dyed or otherwise artificially colored, when such was the fact.

PAR. 4. The aforesaid acts and practices of respondents, as herein alleged, are in violation of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder and constitute unfair methods of competition and unfair and deceptive acts and practices in commerce under the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Textiles and Furs proposed to present to the Commission for its consideration and which if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act and the Fur Products Labeling Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it has reason to believe that the respondents have violated the said Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in § 2.34(b) of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent S. Garber, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois with its office and principal place of business located at 162 North State Street, Chicago, Illinois.

Respondents Sidney Garber, Shirley Garber and Bessie Garber are officers of said corporation. They formulate, direct and control the policies, acts and practices of said corporation and their address is the same as that of said corporation.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents S. Garber, Inc., a corporation, and its officers, and Sidney Garber, Shirley Garber and Bessie Garber, individually and as officers of said corporation, 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; or 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, as the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act, do forthwith cease and desist from falsely or deceptively invoicing such fur or fur product by failing to furnish an invoice, as the term "invoice" is defined in the Fur Products Labeling Act, showing in words and figures plainly legible all the information required to be disclosed by each of the subsections of Section 5(b)(1) of the Fur Products Labeling Act.

It is further ordered, That respondents notify the Commission at least 30 days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further 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 this order.

IN THE MATTER OF

YOUNGSTOWN CARPET GUILD DISTRIBUTORS CO., ET AL.

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

Docket 8719. Complaint, Oct. 24, 1966—Decision, July 13, 1970

Order modifying an earlier order dated December 20, 1966, 70 F.T.C. 1701, by adding a new paragraph requiring respondent to maintain adequate records which disclose the facts relating to former retail prices from which the validity of savings can be established.

ORDER MODIFYING ORDER TO CEASE AND DESIST

The Commission on December 20, 1966 [70 F.T.C. 1701], having issued its order in this matter requiring respondents, in connection with the offering for sale, and sale and distribution of merchandise, in commerce, to cease and desist from:

1. Using, in any manner, a sales plan, scheme or device wherein false, misleading or deceptive statements or representations are made in order to obtain leads or prospects for the sale of merchandise or services.

2. Making representations purporting to offer merchandise for sale when the purpose of the representation is not to sell the offered merchandise but to obtain leads or prospects for the sale of other merchandise at higher prices.

3. Representing, directly or by implication, that any merchandise or services are afforded for sale when such offer is not a bona fide offer to sell said merchandise or services.

4. Failing or refusing to furnish ordered merchandise or services to purchasers in accordance with the terms and conditions of any advertised offer.

5. Failing or refusing to furnish free merchandise to purchasers, irrespective of a prior request therefor, upon fulfillment of the terms and conditions of any advertised offer.

6. Representing, directly or by implication, that the availability of any offer of products or services is limited to three days only, or is limited in any other manner: *Provided, however,*

That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that any represented limitation was actually imposed and in good faith adhered to by respondents.

7. Representing, directly or by implication, that any price for respondents' products or services is a special or sale price, unless such price constitutes a significant reduction from an established selling price at which such products or services have been sold in substantial quantities by respondents in the recent regular course of their business; or misrepresenting in any manner the savings available to purchasers or prospective purchasers of respondents' products or services.

And the Commission on June 8, 1970, having issued its order to show cause why this proceeding should not be reopened and its order of December 20, 1966, modified by the addition of a new paragraph numbered 8 which would read:

8. Failing to maintain adequate records which disclose the facts upon which representations as to former prices, comparative prices, and the usual and customary retail prices of merchandise, and as to savings afforded to purchasers, and similar representations of the type dealt with in Paragraph 7 of this order, are based, and from which the validity of any such claim can be established.

Respondents having filed an answer in which the order to show cause is not opposed; and

The Commission being of the opinion that the public interest will be best served by modifying its order of December 20, 1966:

It is ordered, That this proceeding be, and it hereby is reopened.

It is further ordered, That the Commission's order of December 20, 1966 [70 F.T.C. 1701], be and it hereby is, modified by adding thereto as Paragraph 8 the following:

8. Failing to maintain adequate records which disclose the facts upon which representations as to former prices, comparative prices, and the usual and customary retail prices of merchandise, and as to savings afforded to purchasers, and similar representations of the type dealt with in Paragraph 7 of this order, are based, and from which the validity of any such claim can be established.

IN THE MATTER OF

ELLERMAN MANUFACTURING CO., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL TRADE COMMISSION, THE WOOL PRODUCTS LABELING, AND THE TEXTILE FIBER PRODUCTS IDENTIFICATION ACTS

Docket C-1761. Complaint, July 13, 1970—Decision, July 13, 1970

Consent order requiring a Chicago, Ill., manufacturer of men's and boys' athletic clothing, including award jackets, to cease misbranding its woolen products, falsely advertising its textile fiber products, and failing to maintain required records.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, the Wool Products Labeling Act of 1939, the Textile Fiber Products Identification Act and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Ellerman Manufacturing Co., a partnership, and Raymond H. Ellerman and Harry F. Ellerman, individually and as copartners trading as Ellerman Manufacturing Co., and Helen Ellerman, individually and as manager of Ellerman Manufacturing 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 the Textile Fiber Products Identification 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 Ellerman Manufacturing Co. is a partnership with its office and principal place of business located at 1844 West 21st Street, Chicago, Illinois.

Respondents Raymond H. Ellerman and Harry F. Ellerman are individuals and copartners trading as Ellerman Manufacturing Co. Their address is the same as that of said partnership.

Respondent Helen Ellerman is manager of Ellerman Manufacturing Co. She cooperates in formulating the acts, practices and policies of Ellerman Manufacturing Co. Her address is the same as that of Ellerman Manufacturing Co.

Respondents are engaged in the manufacturing of men's and boys' athletic clothing, including award jackets.

PAR. 2. Respondents now, and for some time last past, have manufactured for introduction into commerce, introduced into commerce, sold, transported, distributed, delivered for shipment, shipped, and offered for sale, in commerce, as "commerce" is defined in the Wool Products Labeling Act of 1939, wool products as "wool product" is defined therein.

PAR. 3. Certain of said wool products were misbranded by the respondents within the intent and meaning of Section 4(a)(1) of the Wool Products Labeling Act of 1939 and Rules and Regulations promulgated thereunder, in that they were falsely and deceptively stamped, tagged, labeled, or otherwise identified with respect to the character and amount of the constituent fibers contained therein.

Among such misbranded wool products, but not limited thereto, were athletic coats, stamped, tagged, labeled, or otherwise identified by respondents as "reprocessed Wool," whereas in truth and in fact, said products contained substantially different fibers and amounts of fibers than represented.

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

Among such misbranded wool products, but not limited thereto, were wool products, namely athletic coats, with labels which failed to disclose:

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

(b) The name or other identification issued and registered by the Commission of the manufacturer of the said wool product or of one or more persons subject to Section 3 of the Wool Products Labeling Act of 1939 with respect to the said wool product.

PAR. 5. Certain of said wool products were misbranded in violation of the Wool Products Labeling Act of 1939 for the reason that they were not labeled in accordance with the Rules and Regulations

promulgated under the Wool Products Labeling Act of 1939, in the following respects:

1. Required information as to fiber content was not set forth in such a manner as to separately show the fiber content of each section of wool products containing two or more sections, in violation of Rule 23(b) of the aforesaid Rules and Regulations.

2. The fiber content of linings which contained, purported to contain, or were represented as containing wool, reprocessed wool, or reused wool, which linings were used in wool products, namely coats, was not set forth separately and distinctly as a part of the required information on the stamps, tags, labels or other marks of identification of such wool products, in violation of Rule 24(a)(1) of the aforesaid Rules and Regulations.

PAR. 6. The acts and practices of the respondents as set forth above, were, and are, in violation of the Wool Products Labeling Act of 1939 and the Rules and Regulations promulgated thereunder, and constituted, and now constitute, unfair methods of competition and unfair and deceptive acts or practices, in commerce within the meaning of the Federal Trade Commission Act.

PAR. 7. Respondents are now, and for some time last past have been engaged in the introduction, delivery for introduction, manufacture for introduction, sale, advertising, and offering for sale, in commerce, and in the transportation or causing to be transported in commerce, and in the importation into the United States, of textile fiber products; and have sold, offered for sale, advertised, delivered, transported and caused to be transported, textile fiber products, which have been advertised or offered for sale in commerce; and have sold, offered for sale, advertised, delivered, transported and caused to be transported, after shipment in commerce textile fiber products, either in their original state or contained in other textile fiber products; as the terms "commerce" and "textile fiber product" are defined in the Textile Fiber Products Identification Act.

PAR. 8. Certain of said textile fiber products were falsely and deceptively advertised in that respondents in making disclosures or implications as to the fiber content of such textile fiber products in written advertisements used to aid, promote, and assist, directly or indirectly, in the sale or offering for sale of said products, failed to set forth the required information as to fiber content as specified by Section 4(c) of the Textile Fiber Products Identification Act and in the manner and form prescribed by the Rules and Regulations promulgated under said Act.

Among such textile fiber products, but not limited thereto, were articles of wearing apparel which were falsely and deceptively advertised by means of a "catalogue" distributed by respondents throughout the United States, in that disclosures or implications as to the fiber content of said articles of wearing apparel were made therein without the true generic names of the fibers contained in the articles of wearing apparel being set forth in said catalogue.

PAR. 9. By means of the aforesaid advertisements and others of similar import and meaning not specifically referred to herein, respondents falsely and deceptively advertised textile fiber products in violation of the Textile Fiber Products Identification Act in that said textile fiber products were not advertised in accordance with the Rules and Regulations promulgated thereunder in the following respects:

A. Fiber trademarks were used in advertising textile fiber products without full disclosure of the fiber content information required by the said Act and the Rules and Regulations thereunder in at least one instance in said advertisement, in violation of Rule 41(a) of the aforesaid Rules and Regulations.

B. Fiber trademarks were used in advertising textile fiber products containing more than one fiber and such fiber trademarks did not appear in immediate proximity and conjunction with the generic names of the fibers in plainly legible type or lettering of equal size or conspicuousness in violation of Rule 41(b) of the aforesaid Rules and Regulations.

C. Fiber trademarks were used in advertising textile fiber products containing only one fiber, and such fiber trademark did not appear, at least once, in immediate proximity and conjunction with the generic name of the fiber, in plainly legible and conspicuous type, in violation of Rule 41(c) of the aforesaid Rules and Regulations.

PAR. 10. Respondents have failed to maintain proper records showing the fiber content of the textile fiber products manufactured by them in violation of Section 6(a) of the Textile Fiber Products Identification Act and Rule 39 of the Rules and Regulations promulgated thereunder.

PAR. 11. The acts and practices of the respondents as set forth in Paragraphs Eight through Ten were, and are, in violation of the Textile Fiber Products Identification Act and the Rules and Regulations promulgated thereunder and constituted, and now constitute unfair methods of competition and unfair or deceptive acts or practices, in commerce, under the Federal Trade Commission Act.

Decision and Order

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Textiles and Furs proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act, the Wool Products Labeling Act of 1939, and the Textile Fiber Products Identification Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in § 2.34(b) of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Ellerman Manufacturing Co. is a partnership with its office and principal place of business located at 1844 West 21st Street, Chicago, Illinois.

Respondents Raymond H. Ellerman and Harry F. Ellerman are individuals and copartners trading as Ellerman Manufacturing Co. Their address is the same as that of the said partnership.

Respondent Helen Ellerman is manager of Ellerman Manufacturing Co. She cooperates in formulating the acts, practices and policies of said partnership. Her address is the same as that of Ellerman Manufacturing Co.

Respondents are engaged in the manufacture of men's and boys' athletic clothing, including award jackets.

2. The Federal Trade Commission has jurisdiction of the subject

matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Ellerman Manufacturing Co., a partnership, and Raymond H. Ellerman and Harry F. Ellerman, individually and as copartners trading as Ellerman Manufacturing Co., and Helen Ellerman, individually and as manager of Ellerman Manufacturing Co., and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction, manufacture for introduction, into commerce, or the offering for sale, sale, transportation, distribution, delivery for shipment or shipment, in commerce, of wool products, as "commerce" and "wool product" are defined in the Wool Products Labeling Act of 1939, do forthwith cease and desist from misbranding such products by:

1. Falsely and deceptively stamping, tagging, labeling, or otherwise identifying such products as to the character or amount of the constituent fibers contained 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 each element of information required to be disclosed by Section 4(a)(2) of the Wool Products Labeling Act of 1939.

3. Failing to set forth required information on labels attached to wool products consisting of two or more sections of different fiber content, in such a manner as to show the fiber content of each section in all instances where such marking is necessary to avoid deception.

4. Failing to set forth the fiber content of linings which are used in wool products, separately and distinctly as part of the required information on the stamps, tags, labels or other marks of identification affixed to such wool products if such linings contain, purport to contain or are represented as containing wool, reprocessed wool or reused wool.

It is further ordered, That respondents Ellerman Manufacturing Co., a partnership, and Raymond H. Ellerman and Harry F. Ellerman, individually and as copartners trading as Ellerman Manufacturing Co., and Helen Ellerman, individually and as manager of Ellerman Manufacturing Co., and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction, delivery for introduction,

manufacture for introduction, sale, advertising, or offering for sale, in commerce, or the transportation or causing to be transported in commerce, or the importation into the United States, of any textile fiber product; or in connection with the sale, offering for sale, advertising, delivery, transportation, or causing to be transported, of any textile fiber product which has been advertised or offered for sale in commerce; or in connection with the sale, offering for sale, advertising, delivery, transportation, or causing to be transported, after shipment in commerce, of any textile fiber product, whether in its original state or contained in other textile fiber products, as the terms "commerce" and "textile fiber product" are defined in the Textile Fiber Products Identification Act, do forthwith cease and desist from:

A. Falsely and deceptively advertising textile fiber products by:

1. Making any representations, directly or by implication, as to fiber content of any textile fiber product in any written advertisement which is used to aid, promote, or assist, directly or indirectly, in the sale or offering for sale of such textile fiber product, unless the same information required to be shown on the stamp, tag, label, or other means of identification under Section 4(b)(1) and (2) of the Textile Fiber Products Identification Act is contained in the said advertisement, except that the percentages of the fibers present in the textile fiber product need not be stated.

2. Using a fiber trademark in an advertisement without a full disclosure of the required content information in at least one instance in the said advertisement.

3. Using a fiber trademark in advertising textile fiber products containing more than one fiber without such fiber trademark appearing in the required fiber content information in immediate proximity and conjunction with the generic name of the fiber in plainly legible type or lettering of equal size and conspicuousness.

4. Using a fiber trademark in advertising textile fiber products containing only one fiber without such fiber trademark appearing in the required fiber content information in immediate proximity and conjunction with the generic name of the fiber in plainly legible type or lettering of equal size and conscpicuousness.

B. Failing to maintain and preserve records of fiber content of textile fiber products manufactured by them, as required by

Section 6(a) of the Textile Fiber Products Identification Act and Rule 39 of the Regulations thereunder.

It is further 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 this order.

IN THE MATTER OF

AMTEL, INC., TRADING AS GOLDFARB NOVELTY DIVISION OF AMTEL, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL TRADE COMMISSION AND THE FLAMMABLE FABRICS ACTS

Docket C-1762. Complaint, July 13, 1970—Decision, July 13, 1970

Consent order requiring a Providence, R.I., importer and wholesaler of souvenirs, novelties and gift wares, including scarves and T-shirts, to mease importing, selling or transporting flammable wear.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Flammable Fabrics Act, as amended, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Amtel, Inc., a corporation, trading as Goldfarb Novelty Division of Amtel, Inc., and Joshua A. Rothstein, Joseph Young and Solomon J. Halpern, individually and as officers of a division of the said corporation, and Eman O. Carles, individually and as chief buyer of the division, hereinafter referred to as respondents, have violated the provisions of said Acts and the Rules and Regulations promulgated under the Flammable Fabrics Act, as amended, 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 Amtel, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Rhode Island with its office and principal place of business located at 424 Howard Building, Providence, Rhode Island.

Respondents Joshua A. Rothstein, Joseph Young and Solomon J. Halpern are officers of a division of the said corporation. Respondent Eman O. Carles is chief buyer of the division. They formulate,

direct and control the acts, practices and policies of said corporation. Their address is 3835 Ninth Avenue, New York, New York.

Respondents are importers and wholesalers of souvenirs, novelties and gift wares, including scarves and T-shirts.

PAR. 2. Respondents are now and for some time last past have been engaged in the sale and offering for sale, in commerce, and in the importation into the United States, and have introduced, delivered for introduction, transported and caused to be transported in commerce, and have sold or delivered after sale or shipment in commerce, products as the terms "commerce" and "product" are defined in the Flammable Fabrics Act, as amended, which products failed to conform to an applicable standard or regulation continued in effect, issued or amended under the provisions of the Flammable Fabrics Act, as amended.

Among such products mentioned hereinabove were scarves.

PAR. 3. The aforesaid acts and practices of respondents were and are in violation of the Flammable Fabrics Act, as amended, and the Rules and Regulations promulgated thereunder, and constituted and now constitute unfair methods of competition and unfair and deceptive acts and practices in commerce, within the intent and meaning of the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Textiles and Furs proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act and the Flammable Fabrics Act, as amended; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents

have violated the said Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in § 2.34(b) of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Amtel, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Rhode Island, with its office and principal place of business located at 424 Howard Building, Providence, Rhode Island.

Respondents Joshua A. Rothstein, Joseph Young, and Solomon J. Halpern are officers of a division of the said corporation. Proposed respondent Eman O. Carles is the chief buyer of the division. They formulate, direct and control the policies, acts and practices of said division. Their address is 3835 Ninth Avenue, New York, New York.

Respondents are importers and wholesalers of souvenirs, novelties and gift wares, including scarves and T-shirts.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Amtel, Inc., a corporation, trading as Goldfarb Novelty Division of Amtel, Inc., and Joshua A. Rothstein, Joseph Young and Solomon J. Halpern, individually and as officers of a division of the said corporation, and Eman O. Carles, individually and as chief buyer of the division, and respondents' representatives, agents and employees, directly or through any corporate or other device, do forthwith cease and desist from manufacturing for sale, selling, offering for sale, in commerce, or importing into the United States, or introducing, delivering for introduction, transporting or causing to be transported in commerce, or selling or delivering after sale or shipment in commerce; any fabric, product or related material as "commerce," "fabric," "product" and "related material" are defined in the Flammable Fabrics Act, as amended, which fails to conform to an applicable standard or regulation continued in effect, issued or amended under the provisions of the aforesaid Act.

It is further ordered, That the respondents herein shall, within ten (10) days after service upon them of this order, file with the Commission an interim special report in writing setting forth the respondents' intention as to compliance with this order. This interim

special report shall also advise the Commission fully and specifically concerning the identity of the fabric, product or related material which gave rise to the complaint, (1) the amount of such fabric, product or related material in inventory, (2) any action taken to notify customers of the flammability of such fabric, product or related material and the results thereof and (3) any disposition of such fabric, product or related material since June 3, 1969. Such report shall further inform the Commission whether respondents have in inventory any fabric, product or related material having a plain surface and made of silk, rayon or cotton or combinations thereof in a weight of two ounces or less per square yard or fabric with a raised fiber surface made of cotton or rayon or combinations thereof. Respondents will submit samples of any such fabric, product or related material with this report.

It is further ordered, That the respondents herein either process the products which gave rise to this complaint so as to bring them within the applicable standards of the Flammable Fabrics Act, as amended or destroy said products.

It is further ordered, That respondents notify the Commission at least 30 days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further ordered, That 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 this order.

IN THE MATTER OF

GATEWAY FABRICS, ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL TRADE COMMISSION AND THE FLAMMABLE FABRICS ACTS

Docket C-1763. Complaint, July 13, 1970—Decision, July 13, 1970

Consent order requiring a Pacific Grove, Calif., partnership engaged in selling and distributing various textile fabrics, including bridal illusion, to cease importing, selling, or transporting the textile fabric bridal illusion.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Flammable Fabrics Act, as amended, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Gateway Fabrics, a partnership, and Genevieve Holman and Verdis L. Johnson, individually and as copartners trading as Gateway Fabrics, hereinafter referred to as respondents, have violated the provisions of said Acts, and the Rules and Regulations promulgated under the Flammable Fabrics Act, as amended, 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 Gateway Fabrics is a partnership, organized, existing and doing business in the State of California.

Individual respondents Genevieve Holman and Verdis L. Johnson are copartners in said partnership, and they formulate, direct and control the acts, practices and policies of said partnership.

Respondents are engaged in selling and distributing various textile fabrics and products, including bridal illusion, with a principal office and place of business located at 211 Forrest Street, Pacific Grove, California.

PAR. 2. Respondents for some time last past have been engaged in the manufacture for sale, the sale or offering for sale, in commerce, and have introduced, delivered for introduction, transported and caused to be transported, in commerce, and have sold or delivered after or shipment in commerce, fabrics, as "commerce" and "fabric" are defined in the Flammable Fabrics Act, as amended, which fabrics failed to conform to an applicable standard or regulation continued in effect, issued or amended under the provisions of the Flammable Fabrics Act, as amended.

Among such fabrics mentioned hereinabove was bridal illusion.

PAR. 3. The aforesaid acts and practices of respondents were in violation of the Flammable Fabrics Act and the Rules and Regulations promulgated thereunder, and as such constitute unfair methods of competition and unfair and deceptive acts and practices in commerce, within the intent and meaning of the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a

copy of a draft of complaint which the Bureau of Textiles and Furs proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act and the Flammable Fabrics Act, as amended; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in § 2.34(b) of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Gateway Fabrics is a partnership organized, existing and doing business in the State of California.

Individual respondents Genevieve Holman and Verdis L. Johnson are copartners in said partnership, and they formulate, direct and control the acts, practices and policies of said partnership.

Respondents are engaged in selling and distributing various textile fabrics and products, including bridal illusion, with a principal office and place of business located at 211 Forrest Street, Pacific Grove, California.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Gateway Fabrics, a partnership, and Genevieve Holman and Verdis L. Johnson, individually and as copartners trading as Gateway Fabrics, or under any other name or names, and respondents' representatives, agents and employees, directly or through any corporate or other device, do forthwith cease and desist from manufacturing for sale, selling, offering for sale, in commerce, or introducing, delivering for introduction, transporting

or causing to be transported in commerce, or selling or delivering after sale or shipment in commerce, any product, fabric, or related material as "commerce," "product," "fabric" or "related material" are defined in the Flammable Fabrics Act, as amended, which fails to conform to any applicable standard or regulation continued in effect, issued or amended under the provisions of the aforesaid Act.

It is further ordered, That the respondents herein shall, within ten (10) days after service upon them of this order, file with the Commission an interim special report in writing setting forth the respondents' intentions as to compliance with this order. This interim special report shall also advise the Commission fully and specifically concerning the identity of the product which gave rise to the complaint, (1) the amount of such product in inventory, (2) any action taken to notify customers of the flammability of such product and the results thereof and (3) any disposition of such product since May 13, 1969. Such report shall further inform the Commission whether respondents have in inventory any fabric, product or related material having a plain surface and made of silk, rayon, cotton, or combinations thereof, or acetate and nylon, in a weight of two ounces or less per square yard or fabric with a raised fiber surface made of cotton or rayon or combinations thereof. Respondents will submit samples of any such fabric, product or related material with this report. Samples of the fabric, product or related material shall be of not less than one square yard of material.

It is further ordered, That the respondents process the textile fabric (bridal illusion) which gave rise to this complaint so as to bring it within the applicable provisions of the Flammable Fabrics Act, as amended, or destroy said textile fabric.

It is further ordered, That 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 this order.

IN THE MATTER OF

HERMAN BADER TRADING AS M. BADER & SON

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

Docket C-1764. Complaint, July 13, 1970—Decision, July 13, 1970

Consent order requiring a Philadephia, Pa., manufacturer, wholesaler and retailer of furs to cease misbranding and falsely invoicing its fur products.

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 Herman Bader, an individual trading as M. Bader & Son, hereinafter referred to as respondent, has 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 Herman Bader is an individual trading as M. Bader & Son.

Respondent is a manufacturer, wholesaler and retailer of fur products and a wholesaler of furs with his office and principal place of business located at 1211 Chestnut Street, Philadelphia, Pennsylvania.

PAR. 2. Respondent is now and for some time last past has been engaged in the introduction into commerce, and in the manufacture for 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 has manufactured for sale, sold, advertised, offered for sale, transported and distributed fur products which have been made in whole or in part of furs which have been shipped and received in commerce; and has introduced into commerce, and sold, advertised and offered for sale in commerce, and transported and distributed in commerce, furs, as the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act.

PAR. 3. Certain of said fur products were misbranded in that they were falsely and deceptively labeled to show that fur contained therein was natural, when in fact such fur was pointed, bleached, dyed, tip-dyed, or otherwise artificially colored, in violation of Section 4(1) of the Fur Products Labeling Act.

PAR. 4. 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.

Among such misbranded fur products, but not limited thereto, were fur products with labels which failed to disclose that the fur contained in the fur products was bleached, dyed, or otherwise artificially colored, when such was the fact.

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

Among such falsely and deceptively invoiced furs and fur products, but not limited thereto, were furs and fur products covered by invoices which failed to disclose that the fur contained in the said furs and fur products was bleached, dyed, or otherwise artificially colored when such was the fact.

PAR. 6. Certain of said furs and fur products were falsely and deceptively invoiced in that said furs and fur products were invoiced to show that the fur contained therein was natural, when in fact such fur was pointed, dyed, tip-dyed or otherwise artificially colored, in violation of Section 5(b)(2) of the Fur Products Labeling Act.

PAR. 7. The aforesaid acts and practices of respondent, as herein alleged, are in violation of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder and constitute unfair methods of competition and unfair and deceptive acts and practices in commerce under the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the Bureau of Textiles and Furs proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of the Federal Trade Commission Act and the Fur Products Labeling Act; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it has reason to believe that the respondent has violated the said Acts, and that complaint should issue stating its

charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in § 2.34(b) of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Herman Bader is an individual trading as M. Bader & Son with his office and principal place of business located at 1211 Chestnut Street, Philadelphia, Pennsylvania.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

It is ordered, That respondent Herman Bader, individually and trading as M. Bader & Son or under any other trade name, and respondent's 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 sale, advertising or offering for sale in commerce, or the transportation or distribution in commerce, of any fur product; or in connection with the manufacture for sale, 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; or 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, as the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act, do forthwith cease and desist from:

A. Misbranding any fur product by:

1. Representing directly or by implication on a label that the fur contained in such fur product is natural when such fur is pointed, bleached, dyed, tip-dyed, or otherwise artificially colored.

2. Failing to affix a label to such fur product showing in words and in figures plainly legible all of the information required to be disclosed by each of the subsections of Section 4(2) of the Fur Products Labeling Act.

B. Falsely or deceptively invoicing any fur or fur product by:

1. Failing to furnish an invoice, as the term "invoice" is defined in the Fur Products Labeling Act, showing in words and

figures plainly legible all the information required to be disclosed by each of the subsections of Section 5(b)(1) of the Fur Products Labeling Act.

2. Representing, directly or by implication, on an invoice that the fur or the fur contained in such fur product is natural when such fur is pointed, bleached, dyed, tip-dyed, or otherwise artificially colored.

It is further 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 this order.

IN THE MATTER OF

A. SABITH FURS, INC., ET AL.

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

Docket C-1765. Complaint, July 14, 1970—Decision, July 14, 1970

Consent order requiring a New York City manufacturer of furs to cease misbranding, falsely invoicing and deceptively guaranteeing its fur products.

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. Sabith Furs, Inc., a corporation, and Abraham A. Sabith, individually and as an officer of said corporation, 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 A. Sabith Furs, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

Individual respondent Abraham A. Sabith is an officer of said cor-

poration. He formulates, directs and controls the policies, acts and practices of said corporation, including those hereinafter referred to.

Respondents are manufacturers of fur products with their office and principal place of business located at 227 West 29th Street, New York, New York.

PAR. 2. Respondents are now and for some time last past have been engaged in the introduction into commerce, and in the manufacture for 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 manufactured for sale, sold, advertised, offered for sale, transported and distributed fur products which have been made in whole or in part of furs which have been shipped and received in commerce, as the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act.

PAR. 3. Certain of said fur products were misbranded in that they were falsely and deceptively labeled to show that the fur contained therein was "color altered" when in fact such fur was "dyed" in violation of Section 4(1) of the Fur Products Labeling Act.

PAR. 4. 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.

Among such misbranded fur products, but not limited thereto, were fur products with labels which failed to disclose that the fur contained in the fur products was dyed, when such was the fact.

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

Among such falsely and deceptively invoiced fur products, but not limited thereto, were fur products covered by invoices which failed to disclose that the fur contained in the fur products was dyed, when such was the fact.

PAR. 6. Certain of said fur products were falsely and deceptively invoiced in that said fur products were invoiced to show that the fur contained therein was natural, when in fact such fur was pointed, bleached, dyed, tip-dyed or otherwise artificially colored, in violation of Section 5(b)(2) of the Fur Products Labeling Act.

PAR. 7. Respondents furnished false guaranties that certain of their fur products were not misbranded, falsely invoiced or falsely advertised when respondents in furnishing such guaranties had rea-

son to believe that fur products so falsely guarantied would be introduced, sold, transported or distributed in commerce, in violation of Section 10(b) of the Fur Products Labeling Act.

PAR. 8. The aforesaid acts and practices of respondents, as herein alleged in Paragraphs Three through Seven are in violation of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder and constitute unfair methods of competition and unfair and deceptive acts and practices in commerce under the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Textiles and Furs proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act and the Fur Products Labeling Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, not in further conformity with the procedure prescribed in § 2.34(b) of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent A. Sabith Furs, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

Respondent Abraham A. Sabith is an officer of said corporation.

He formulates, directs and controls the acts, practices and policies of said corporation.

Respondents are manufacturers of fur products with their office and principal place of business located at 227 West 29th Street, New York, New York.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents A. Sabith Furs, Inc., a corporation, and its officers, and Abraham A. Sabith, 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 sale, advertising or offering for sale in commerce, of any fur product; or in connection with the manufacture for sale, 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 the terms "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. Representing, directly or by implication, on labels, that the fur contained in such fur products is "color altered," when such fur is dyed.

2. Failing to affix labels to fur products showing, on one side of the label, all of the information required to be disclosed by each of the subsections of Section 4(2) of the Fur Products Labeling Act.

B. Falsely or deceptively invoicing fur products by:

1. Representing, directly or by implication, on invoices that the fur contained in the fur product is natural when such fur is pointed, bleached, dyed, tip-dyed or otherwise artificially colored.

2. Failing to furnish invoices, as the term "invoice" is defined in the Fur Products Labeling Act, showing in words and figures plainly legible all the information required to be disclosed by each of the subsections of Section 5(b)(1) of the Fur Products Labeling Act.

It is further ordered, That A. Sabith Furs, Inc., a corporation,

and Abraham A. Sabith, individually and as an officer of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, do forthwith cease and desist from furnishing a false guaranty that any fur product is not misbranded, falsely invoiced or falsely advertised when the respondents have reason to believe that such fur product may be introduced, sold, transported or distributed in commerce.

It is further ordered, That respondents notify the Commission at least 30 days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further ordered, That 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 this order.

IN THE MATTER OF

MALVIA C. PUTNAM TRADING AS MALVIA PUTNAM CHENILLES

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL TRADE COMMISSION AND THE FLAMMABLE FABRICS ACTS

Docket C-1766. Complaint, July 14, 1970—Decision, July 14, 1970

Consent order requiring a Resaca, Ga., manufacturer and distributor of wearing apparel, including chenille robes, to cease importing, selling or transporting dangerously flammable wear.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Flammable Fabrics Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Malvia C. Putnam, an individual trading as Malvia Putnam Chenilles, hereinafter referred to as respondent has violated the provisions of said Acts, and the Rules and Regulations

promulgated under the Flammable Fabrics 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 Malvia C. Putnam is an individual trading as Malvia Putnam Chenilles. She is engaged in the manufacture, sale and distribution of wearing apparel, including but not limited to chenille robes, with her principal place of business located at R.F.D. 1, Resaca, Georgia.

PAR. 2. Respondent for some time last past has been engaged in the manufacture for sale, the sale or offering for sale, in commerce, and has introduced, delivered for introduction, transported and caused to be transported in commerce, and has sold or delivered after sale or shipment in commerce, products, as "commerce" and "product" are defined in the Flammable Fabrics Act, as amended, which products failed to conform to an applicable standard or regulation continued in effect, issued or amended under the provisions of the Flammable Fabrics Act, as amended.

Among such products mentioned hereinabove were chenille robes.

PAR. 3. The aforesaid acts and practices of respondent were in violation of the Flammable Fabrics Act and the Rules and Regulations promulgated thereunder, and as such constitute unfair methods of competition and unfair and deceptive acts and practices in commerce, within the intent and meaning of the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the Bureau of Textiles and Furs proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of the Federal Trade Commission Act and the Flammable Fabrics Act; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in

such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the said Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in § 2.34(b) of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Malvia Putnam is an individual trading as Malvia Putnam Chenilles under and by virtue of the laws of the State of Georgia.

Respondent is engaged in the manufacture, sale and distribution of wearing apparel, including but not limited to chenille robes, with her principal place of business located at R.F.D. 1, Resaca, Georgia.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent and the proceeding is in the public interest.

ORDER

It is ordered, That respondent Malvia C. Putnam, individually and trading as Malvia Putnam Chenilles, or under any other name or names, and respondent's representatives, agents and employees, directly or through any corporate or other device, do forthwith cease and desist from selling, offering for sale, in commerce, or importing into the United States, or introducing, delivering for introduction, transporting or causing to be transported in commerce, or selling or delivering after sale or shipment in commerce, any product, fabric, or related material as "commerce," "product," "fabric" or "related material" are defined in the Flammable Fabrics Act, as amended, which fails to conform to any applicable standard or regulation continued in effect, issued or amended under the provisions of the aforesaid Act.

It is further ordered, That the respondent herein shall within ten (10) days after service upon her of this order, file with the Commission an interim special report in writing setting forth the respondent's intentions as to compliance with this order. This interim special report shall also advise the Commission fully and specifically concerning the identity of the product which gave rise to the complaint, (1) the amount of such product in inventory, (2) any action

taken to notify customers of the flammability of such product and the results thereof and (3) any disposition of such product since August 18, 1969. Such report shall further inform the Commission whether respondent has in inventory any fabric, product or related material having a plain surface and made of silk, rayon, cotton, or combinations thereof, or acetate and nylon, in a weight of two ounces or less per square yard or fabric with a raised fiber surface made of cotton or rayon or combinations thereof. Respondent will submit samples of any such fabric, product or related material with this report. Samples of the fabric, product or related material shall be of not less than one square yard of material.

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

IN THE MATTER OF

EDUARDO P. ACAP

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL TRADE COMMISSION, THE FLAMMABLE FABRICS AND THE TEXTILE FIBER PRODUCTS IDENTIFICATION ACTS

Docket C-1767. Complaint, July 14, 1970—Decision, July 14, 1970

Consent order requiring a San Francisco, Calif., importer of textile fiber products, including fabric and wearing apparel in the form of ladies' scarves, to cease and desist from marketing dangerously flammable fabrics and from misbranding textile fiber products.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, the Flammable Fabrics Act and the Textile Fiber Products Identification Act and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Eduardo P. Acap, an individual formerly a copartner in a partnership trading as IMP Philippine Shop, hereinafter referred to as the respondent, has violated the provisions of said Acts and the Rules and Regulations promulgated under the Flammable Fabrics Act and the Textile Fiber Products Identification 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 is Eduardo P. Acap, an individual formerly a copartner in a partnership trading as IMP Philippine Shop. Said partnership is now dissolved and the other partner has left the jurisdictional limits of the United States.

Respondent was engaged in the business of the importation and sale of textile fiber products, including fabric and wearing apparel in the form of ladies' scarves with his office and principal place of business formerly located at International Market Place, 867 Market Street, San Francisco, California.

PAR. 2. Respondent for some time last past has been engaged in the sale and offering for sale, in commerce, and in the importation into the United States, and has introduced, delivered for introduction, transported and caused to be transported in commerce, and has sold or delivered after sale or shipment in commerce, fabrics and products as the terms "commerce," "fabric" and "product" are defined in the Flammable Fabrics Act, as amended, which fabrics and products failed to conform to an applicable standard or regulation continued in effect, issued or amended under the provisions of the Flammable Fabrics Act, as amended.

Among such fabrics was fabric known as "jusi" cloth and among such products were "ladies' scarves."

PAR. 3. The aforesaid acts and practices of the respondent were and are in violation of the Flammable Fabrics Act, as amended, and the Rules and Regulations promulgated thereunder, and constituted, and now constitute, unfair methods of competition and unfair and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act.

PAR. 4. Respondent for some time last past has been engaged in the introduction, delivery for introduction, sale, advertising, and offering for sale, in commerce, and in the transportation or causing to be transported in commerce, and the importation into the United States, of textile fiber products; and has sold, offered for sale, advertised, delivered, transported and caused to be transported, textile fiber products, which have been advertised or offered for sale in commerce; and has sold, offered for sale, advertised, delivered, transported and caused to be transported, after shipment in commerce, textile fiber products, either in their original state or contained in other textile fiber products, as the terms "commerce" and "textile fiber product" are defined in the Textile Fiber Products Identification Act.

Par. 5. Certain of such textile fiber products were misbranded by respondent in that they were not stamped, tagged, labeled, or otherwise identified to show each element of information required to be disclosed by Section 4(b) of the Textile Fiber Products Identification Act, and in the manner and form prescribed by the Rules and Regulations promulgated under said Act.

Among such misbranded textile fiber products, but not limited thereto, were textile fiber products with labels which failed:

1. To disclose the true generic names of the fibers present;
2. To disclose the true percentage of such fibers;
3. To disclose the name, or other identification issued and registered by the Commission, of the manufacturer of said product or one or more persons subject to Section 3 of the said Act with respect to such product; and
4. To disclose the name of the country where imported textile fiber products were processed or manufactured.

Par. 6. The acts and practices of respondent, as set forth above, in Paragraph Five were and are, in violation of the Textile Fiber Products Identification Act and the Rules and Regulations promulgated thereunder, and constituted, and now constitute unfair methods of competition and unfair and deceptive acts or practices in commerce, under the Federal Trade Commission Act.

Decision and Order

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the Bureau of Textiles and Furs proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of the Federal Trade Commission Act and the Fur Products Labeling Act; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and hav-

ing determined that it had reason to believe that the respondent has violated the said Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in § 2.34(b) of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Eduardo P. Acap is an individual formerly a copartner in a partnership, trading as IMP Philippine Shop. The said partnership has been dissolved. Mr. Nester S. Planta the former partner of Eduardo P. Acap has left the jurisdiction of the United States. Said firm was formerly located at International Market Place, 867 Market Street, San Francisco, California.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

It is ordered, That respondent Eduardo P. Acap an individual formerly a copartner in a partnership trading as IMP Philippine Shop, and respondent's representatives, agents and employees, directly or through any corporate or other device, do forthwith cease and desist from selling, offering for sale, in commerce, or importing into the United States, or introducing, delivering for introduction, transporting or causing to be transported in commerce any fabric, product or related material as "commerce," and "fabric," "product" and "related material" are defined in the Flammable Fabrics Act as amended, which fails to conform to an applicable standard or regulation continued in effect, issued or amended under the provisions of the aforesaid Act.

It is further ordered, That the respondent herein shall within ten (10) days after service upon him of this order, file with the Commission an interim special report in writing setting forth the respondent's intention as to compliance with this order. This interim special report shall also advise the Commission fully and specifically concerning the identity of the fabric, product or related material which gave rise to the complaint, (1) the amount of such fabric, product or related material in inventory, (2) any action taken to notify customers of the flammability of such fabric, product or related material and the results thereof and (3) any disposition of such fabric, product or related material since September 8, 1969. Such report shall further inform the Commission whether the respondent has in

inventory any fabric, product or related material having a plain surface and made of silk, rayon and acetate, nylon and acetate, rayon or cotton or combinations thereof in a weight of two ounces or less per square yard or fabric with a raised fiber surface made of cotton or rayon or combinations thereof. Respondent will submit samples of any such fabric, product or related material with this report.

It is further ordered, That respondent Eduardo P. Acap an individual formerly a copartner in a partnership trading as IMP Philippine Shop, and respondent's representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction, delivery for introduction, sale, advertising, or offering for sale in commerce, or the importation into the United States of any textile fiber product; or in connection with the sale, offering for sale, advertising, delivery, transportation, or causing to be transported, of any textile fiber product, which has been advertised or offered for sale in commerce; or in connection with the sale, offering for sale, advertising, delivery, transportation or causing to be transported, after shipment in commerce of any textile fiber product, whether in its original state or contained in other textile fiber products, as the terms "commerce" and "textile fiber product" are defined in the Textile Fiber Products Identification Act, do forthwith cease and desist from misbranding textile fiber products by failing to affix labels to such textile fiber products showing in a clear, legible and conspicuous manner each element of information required to be disclosed by Section 4(b) of the Textile Fiber Products Identification Act.

It is further 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 this order.

IN THE MATTER OF

SUCCESS MOTIVATION INSTITUTE, INC., ET AL.

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

Docket C-1768. Complaint, July 14, 1970—Decision, July 14, 1970

Consent order requiring a Waco, Texas, seller of personal improvement courses consisting of printed matter and recordings to cease misrepresenting that all franchises and distributors of respondents' products will have no difficulty in selling its products.

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 Success Motivation Institute, Inc., a corporation, and Paul J. Meyer, individually and as an officer of said corporation, 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. Respondent Success Motivation Institute, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Texas with its principal office and place of business located at 5000 Lakewood Drive, Waco, Texas.

Respondent Paul J. Meyer is an individual and officer of the corporate respondent. He formulates, directs and controls the acts and practices of the corporate respondent including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale, sale and distribution to retail distributors for resale to the purchasing public of personal improvement courses consisting of printed matter and recordings.

PAR. 3. In the course and conduct of their business as aforesaid, respondents now cause, and for some time last past have caused, their products, when sold, to be shipped from their place of business in the State of Texas to their retail distributors located in various other States of the United States. Respondents maintain, and at all times mentioned herein have maintained, a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their aforesaid business, respondents have engaged in, and now engage in, a continuing program of recruiting retail distributors or franchisees (hereinafter variously referred to as distributorships or distributors) to sell respondents' products. Those persons who are successfully recruited by respondents are required to invest a substantial sum of money as a condition to being granted a franchise to distribute respondents' products. The monies paid respondents include an amount to cover the cost of an initial inventory of respondents' products.

Respondents solicit the sale of their distributorships in the following manner and by the following means. Respondents publish, or cause to be published, in magazines and newspapers of regional and national circulation, advertisements inviting inquiries from persons interested in becoming distributors. To persons who respond to such invitations, respondents send through the mails advertising and promotional material containing many statements and representations regarding respondents' products and the financial and other benefits to be enjoyed by persons who become distributors of respondents' products. Persons who express further interest are mailed additional advertising and promotional material, may receive a telephone sales presentation by one of respondents' sales representatives and may, in some instances, be invited to visit respondents' place of business in Waco, Texas.

PAR. 5. By and through the means of the statements and representations contained in the advertising and promotional material referred to in Paragraph Four hereof and statements and representations made by respondents' sales representatives during the course of oral sales presentations to prospective distributors, respondents, for the purpose of inducing the sale of distributorships, represent, directly or by implication, to such prospective distributors:

(1) That no special ability or aptitude is required to become a successful distributor other than the desire to succeed.

(2) That distributors will encounter no difficulty in selling respondents' products.

(3) That respondents' distributors are uniformly successful and all enjoy substantial incomes from their distributorships.

PAR. 6. In truth and in fact,

(1) The desire to succeed is not the only prerequisite to success as a distributor of respondents' products.

Respondents' personal improvement courses and other products are intangibles and only persons who have the appropriate personality and verbal communications skills and other attributes of a successful intangibles salesman in addition to the desire to succeed can be expected to become successful distributors of respondents' products.

During the course of soliciting the purchase of a distributorship by a prospective distributor, respondents make no bona fide effort to determine whether the prospective purchaser possesses the appropriate personality, verbal communications skills and other attributes which would indicate that he possesses the potential of becoming a successful distributor.

(2) Respondents' products are difficult to sell because of the intangible nature of such products.

(3) Respondents' distributors are not uniformly successful and all do not enjoy a substantial income. While among respondents' distributors may be some who achieve success and substantial incomes, there are a substantial number who do not achieve either. Further, respondents fail to disclose to prospective distributors relevant information which would assist prospective distributors in evaluating the probabilities of their success including the median and mean gross sales to respondents' distributors during the previous calendar or fiscal year. Respondents also fail to disclose information as to the length of time their distributors have been associated with respondents and the turnover in such distributors.

Therefore, respondents' statements, representations, acts and practices as set forth above were and are false, misleading and deceptive.

PAR. 7. In the course and conduct of their aforesaid business, and at all times mentioned herein, respondents have been, and now are, in substantial competition, in commerce, with corporations, firms and individuals in the sale of franchises or distributorships to persons interested in establishing their own businesses.

PAR. 8. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true and into investing substantial sums of money in becoming distributors of respondents' products, including the purchase of substantial quantities of respondents' products.

PAR. 9. The aforesaid acts and practices of respondents, as herein alleged, were and are all to the prejudice and injury of the public and of respondents' competitors and constituted, and now constitute, unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondents named in the caption hereof with violation of the Federal Trade Commission Act, and the respondents having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the complaint to issue herein, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having considered the agreement and having accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of thirty (30) days, and having duly considered the comments filed thereafter pursuant to § 2.34(b) of its Rules, now in further conformity with the procedure prescribed in Section 2.34(b) of its Rules, the Commission hereby issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent Success Motivation Institute, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Texas with its principal office and place of business located at 5000 Lakewood Drive, Waco, Texas.

Respondent Paul J. Meyer is an individual and officer of said corporation. He formulates, directs and controls the acts and practices of said corporation and his address is the same as that of the corporation.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Success Motivation Institute, Inc., a corporation, and its officers, and Paul J. Meyer, individually, and as an officer of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale or sale of franchises, licenses or distributorships to sell personal improvement courses, books, phonograph records or any other product, or of the books, phonograph records, supplies or equipment for use in connection therewith 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:

(a) No special ability or aptitude is required to become a

successful franchisee or distributor of respondents' products; misrepresenting, in any manner, the experience, background, aptitudes or abilities required to become a successful franchisee or distributor of respondents' products.

(b) Franchisees or distributors will encounter no difficulty in selling respondents' products; misrepresenting, in any manner, the degree of effort required to sell respondents' products.

(c) Respondents' franchisees or distributors are uniformly successful and all enjoy substantial income; misrepresenting, in any manner, the degree of success or amount of income realized by respondents' franchisees or distributors.

(2) Using any deceptive scheme, device or plan to obtain leads to prospective franchisees or distributors or to induce persons to become franchisees or distributors.

(3) (a) Failing to determine in good faith, prior to having a prospective franchisee or distributor enter into an agreement to become a franchisee or distributor of respondents' products, through the evaluation of the personal history of the prospect and the administration of bona fide personality evaluation tests and within the error tolerances reasonably expected in the use of such predicative instruments, whether the prospect possesses the aptitude and abilities necessary to successfully sell respondents' products and to recruit other persons to sell respondents' products. (b) Failing to inform prospective franchisees or distributors of the results of such evaluation and testing reasonably in advance of the execution of the agreement to become a franchisee or distributor.

(4) Failing to furnish to prospective franchisees or distributors reasonably prior to such persons agreeing to become franchisees or distributors, a written tabulation or statistical summary showing, on an accumulative and comparative basis for each calendar year, beginning with the calendar year 1966, for each of the corporate respondents' operating divisions the following information:

(a) The median and mean gross sales to respondents' franchisees or distributors exclusive of initial inventories sold to new franchisees or distributors during the calendar year.

(b) The number of franchisees or distributors at the beginning of the calendar year, the number appointed during the year, the number terminated during the year, the num-

ber retained at the end of the year, and the length of time that those retained at the end of the year have been respondents' franchisees or distributors.

(c) The foregoing information shall be tabulated as a running 4 year analysis so that prospective franchisees or distributors will be furnished such information for the 4 calendar years immediately preceding the year in which the information is to be furnished: *Provided*, That, the information for the calendar year most recently completed prior to the year in which the information is to be furnished will be made available within 45 days of the close of that calendar year.

(5) Failing to deliver a copy of this order to cease and desist to all present and future salesmen or other persons engaged in the advertising and sale of franchises or distributorships to sell respondents' products, and failing to secure from each salesman or other person a signed statement acknowledging receipt of said order.

It is further ordered, That respondents notify the Commission at least 30 days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further 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 this order.

IN THE MATTER OF

WEIMAN CO., INC.

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

Docket C-1769. Complaint, July 15, 1970—Decision, July 15, 1970

Consent order requiring a Chicago, Ill., manufacturer of household furniture to cease describing the exposed surfaces of its furniture as solid "walnut," "fruitwood," or "mahogany" when in fact the wood is of veneered construction.

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 Weiman Co., Inc., a corporation, 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 Weiman 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 16–112 Merchandise Mart, Chicago, Illinois.

Par. 2. Respondent is now, and for some time last past has been, engaged in the manufacturing, advertising, offering for sale, sale and distribution of household furniture to retailers for resale to the public.

Par. 3. In the course and conduct of its business as aforesaid, respondent causes, and for some time last past has caused, its products, when sold, to be shipped and transported from its places of business in the States of Illinois, North Carolina and South Carolina to purchasers thereof located in various other States of the United States other than the State of origination and the District of Columbia, and maintains, and at all times mentioned herein has maintained, a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

Par. 4. In the course and conduct of its aforesaid business, and for the purpose of inducing others to purchase its furniture, respondent has made, and is now making, directly or by implication, in its promotional materials, catalogs, brochures, price lists and newspaper mats, various statements and representations with respect to the composition of its household furniture. A substantial portion of said advertising and promotional materials is displayed by retailers to prospective purchasers at the time of sale.

Typical and illustrative of said statements and representations, but not all inclusive thereof, are the following:

(a) Prima Vera, Palisander, fruitwood tops, stump walnut and cherry woods;

(b) Finish: Royal Court Fruitwood, Finish: Provence Fruitwood, Finishes . . . Fruitwood . . . Mahogany and Mahogany finish;

(c) Foam;
(d) Naugahyde and Naugahyde seats;
(e) Spanish, Italian, French, Mediterranean and English;
(f) Solid mahogany, crotch Mahogany, and mahogany;
(g) Carvings, delicate carvings, bold carvings, impressive carvings, richly carved overlays and carved end panels.

PAR. 5. By and through the use of the above-quoted statements and representations, and others of similar import and meaning but not expressly set out herein, the respondent has represented, and is now representing, directly or by implication, that:

(a) The exposed surfaces of certain of its furniture as referred to in Paragraph Four (a) are constructed of solid prima vera, solid palisander, solid fruitwood, solid walnut, solid cherry and solid mahogany, respectively;

(b) The exposed surfaces of certain of its furniture as referred to in Paragraph Four (b) are constructed of solid fruitwood and solid mahogany, respectively;

(c) The stuffing of certain of its furniture and the mattresses as referred to in Paragraph Four (c) are composed of solid latex foam rubber;

(d) The exposed surface of certain of its furniture as referred to in Paragraph Four (d) is covered in whole or in part from the skin or hide of an animal or that the covering of furniture is leather, top grain leather, or split leather;

(e) Certain of its furniture as referred to in Paragraph Four (e) is of Spanish, Italian, French, Mediterranean or English origin;

(f) The exposed surface of certain of its furniture as referred to in Paragraph Four (f) is constructed of solid mahogany (Swietenia);

(g) Portions of the exposed surface of certain of its furniture as referred to in Paragraph Five (g) is made by cutting or carving.

PAR. 6. In truth and in fact:

(a) The exposed surfaces of such furniture referred to in Paragraph Four (a) are constructed of a combination of veneers of the woods named and other solid woods;

(b) The exposed surfaces of such furniture referred to in Paragraph Four (b) are constructed of woods other than the woods named;

(c) The stuffing of such furniture and the mattresses as referred to in Paragraph Four (c) are composed of polyurethane foam rather than latex foam rubber;

(d) The exposed surface of such furniture referred to in Para-

graph Four (d) is covered with a fabric, backed with vinyl, having the appearance of leather and is not covered in whole or in part with the skin or hide of an animal;

(e) Such furniture referred to in Paragraph Four (e) is manufactured in the United States and is not imported from Spain, Italy, France, the Mediterranean countries or England;

(f) The exposed surface of such furniture referred to in Paragraph Four (f) is constructed of solid or veneered woods of genus Khaya or "African Mahogany" and is not constructed of Mahogany (Swietenia) wood;

(g) Those portions of the exposed surface of such furniture referred to in Paragraph Four (g) is molded and not made by cutting or carving.

Therefore, the statements and representations as set forth in Paragraphs Four and Five hereof were, and are, false, misleading and deceptive.

Par. 7. A substantial amount of respondent's furniture which is displayed, offered for sale, sold or placed in the hands of others for display and sale purposes, has the appearance of being made of solid wood but contains exposed surfaces in part of veneered construction. The fact of such veneered construction is not disclosed on such furniture or on tags or labels attached thereto.

Respondent's practice of displaying, offering for sale, sale and placing in the hands of others for display and sale purposes, furniture of veneered construction which has the appearance of being made of solid wood, without clear and conspicuous disclosure on such furniture, or on a tag or label attached thereto, of such veneered construction is an unfair practice and is misleading and deceptive and has the capacity and tendency to lead members of the purchasing public to believe that said furniture is constructed of solid wood.

Par. 8. A substantial amount of respondent's furniture which is advertised, displayed, offered for sale, sold or placed in the hands of others for display and sale purposes, has the appearance of being made of wood but contains substantial exposed surfaces composed of plastic or other materials not possessing a natural wood growth structure. No clear and conspicuous disclosures are made in respondent's advertising and on such furniture, or on tags or labels attached thereto, that parts of the exposed surfaces of the furniture are made of plastic or other materials simulating wood, or in the alternative, no clear and conspicuous disclosures are made that such parts are not of wood composition.

Respondent's practice of advertising, displaying, offering for sale, sale and placing in the hands of others for display and sale purposes, furniture containing exposed surfaces made of plastic or other materials not possessing a natural wood growth structure, but having the appearance of being wood, without clear and conspicuous disclosure in all advertising and on such furniture, or on tags or labels attached thereto, of the true nature of such plastic or other materials simulating wood, or in the alternative, without clear and conspicuous disclosure that such parts are not of wood, is misleading and deceptive and has the capacity and tendency to lead members of the purchasing public to believe that said furniture is constructed solely of wood.

PAR. 9. By and through the use of the aforesaid acts and practices respondent places in the hands of jobbers, retailers, dealers and others the means and instrumentalities by and through which they may mislead and deceive the public in the manner and as to the things hereinabove alleged.

PAR. 10. In the course and conduct of its aforesaid business, and at all times mentioned herein, respondent has been, and now is, in substantial competition, in commerce, with corporations, firms and individuals in the sale of household furniture of the same general kind and nature as that sold by respondent.

PAR. 11. The use by respondent of the aforesaid false, misleading and deceptive statements, representations and practices and unfair or deceptive acts or practices has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true and into the purchase of substantial quantities of respondent's products by reason of said erroneous and mistaken belief.

PAR. 12. The aforesaid acts and practices of respondent, as herein alleged, were, and are, all to the prejudice and injury of the public and of respondent's competitors and constituted, and now constitute, unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce, in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a

copy of a draft of complaint which the Bureau of Deceptive Practices proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of the Federal Trade Commission Act; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in § 2.34(b) of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent 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 16–112 Merchandise Mart, Chicago, Illinois.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

It is ordered, That respondent Weiman Co., Inc., a corporation, and its officers, agents, representatives and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of household furniture, or other products, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using the terms "Prima Vera," "Palisander," "fruitwood," "walnut" or "cherry" or any other wood name, or any other terms of similar import or meaning, to describe furniture not having all exposed surfaces constructed of solid wood of the type named: *Provided, however*, That wood names may be non-deceptively used to describe the type of wood used in wood ve-

neer surfaces of furniture if clear and conspicuous disclosure is made in immediate conjunction with the wood name that it refers to the veneer composition: *And provided that*, When the described furniture also has exposed surfaces of solids or veneers of wood other than the type named, an additional clear and conspicuous disclosure is made in immediate conjunction with the wood name (a) of the composition of the other exposed veneered and solid parts or, in the alternative, (b) of the exact locations of the name wood veneers.

2. Using the terms "Finish: Royal Court Fruitwood," "Finish: Provence Fruitwood," "Finishes. . . Fruitwood. . . Mahogany" and "Mahogany finish" or any other wood name, or any other terms of similar import or meaning to describe furniture not having all exposed surfaces constructed of solid wood of the type named: *Provided*, *however*, Wood names may be nondeceptively used to describe the grain design, color of a stain finish or other type of simulated finish which has been applied to a surface composed of something other than solid wood of the type named if clear and conspicuous disclosure is made in immediate conjunction therewith that the wood name used is descriptive of the grain design, color or other simulated finish.

3. Using the term "foam" or "Foam" or any other terms of similar import or meaning to describe furniture stuffing or mattresses, or parts thereof, not composed of latex foam rubber: *Provided*, *however*, That the word "foam" may be nondeceptively used to describe furniture stuffing or mattresses, or parts thereof, composed of foam of a composition other than latex rubber if clear and conspicuous disclosure is made in immediate conjunction therewith of the kind of foam used.

4. Using the brand name "Naugahyde" or any other name containing the word "hide" or simulations thereof to designate or describe said product, unless wherever used such name is accompanied by such disclosure of the general nature of the product or the coating used as will clearly show that the product is not leather.

5. Using the terms "Spanish," "Italian," "French," "Mediterranean" and "English" or other terms indicative of foreign origin as descriptive of furniture manufactured in the United States; unless in immediate conjunction therewith, it is clearly and conspicuously disclosed that such terms applied to the style of the furniture and not the country or region of its origin: *Provided*, *however*, That nothing in this paragraph shall pro-

hibit respondent from using the terms "French Provincial," "Italian Provincial" and similar terms which have acquired a secondary meaning descriptive of the style of furniture and considered to be nondeceptive by the Commission's Guides for the Household Furniture Industry.

6. Using the terms "Solid mahogany," "crotch Mahogany," or "Mahogany" or any other word or term of similar import or meaning to describe furniture or its parts made of genus Khaya, also known as African Mahogany, or veneers thereof: *Provided, however*, That the word "mahogany" may be nondeceptively used if where such wood is referred to a clear and conspicuous disclosure is made in immediate conjunction therewith that such wood is genus Khaya, or African Mahogany, or by other terms not suggestive of solid genuine Mahogany ("Swietenia"): *And provided further*, That in each instance of the use of veneers of such wood, the veneered construction thereof was clearly and conspicuously disclosed in immediate conjunction therewith.

7. Using the terms "Carvings," "delicate carvings," "bold carvings," "impressive carvings," "richly carved overlays" or "carved end panels" or any other terms of similar import or meaning to refer to or describe furniture parts not made by cutting or carving.

8. Advertising, displaying, offering for sale, selling, or placing in the hands of others for display or sales purposes any furniture having the appearance of being made of solid wood, but containing exposed surfaces of veneered construction, without clear and conspicuous disclosure of such veneered construction on such furniture, or on tags or labels attached thereto.

9. Advertising, displaying, offering for sale, selling, or placing in the hands of others for display or sales purposes any furniture having the appearance of being made of wood, but containing exposed surfaces composed in whole or in part of plastic, or other materials not possessing a natural wood growth structure, without clear and conspicuous disclosure that such exposed surfaces are made of plastic, or other materials simulating wood, or in the alternative, without clear and conspicuous disclosure that such exposed surfaces are not wood; such disclosures to be made (a) in all advertising and (b) on such furniture, or on a tag or label attached thereto.

10. Misrepresenting, in any manner, or by any means, directly or indirectly, the kind or nature of the wood or other materials used in the manufacture of furniture or any part thereof or

misrepresenting in any manner the country of origin of respondent's products.

11. Furnishing to or otherwise placing in the hands of others any means or instrumentalities whereby prospective purchasers may be misled or deceived in the manner or as to the things prohibited by this order.

For the purposes of this order, exposed surfaces are those exposed to view when furniture is placed in the generally accepted position for use.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

It is further ordered, That respondent notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further 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 this order.

IN THE MATTER OF

CHINCHILLA ASSOCIATES OF AMERICA, INC., DOING BUSINESS AS THE HOUSE OF DIZEL, ET AL.

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

Docket C-1770. Complaint, July 15, 1970—Decision, July 15, 1970

Consent order requiring a High Point, N.C., distributor of chinchilla breeding stock and seller of chinchilla fur garments to cease and desist from making exaggerated earning claims, misrepresenting the quality of the stock, deceptively guaranteeing the fertility of the stock, and misrepresenting the financial and medical services available to purchasers.

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 Chinchilla Associates of America, Inc., a corporation, also doing business as The House of Dizel, a division of said corporation and Roy Lee Morris, individually and as officer of said corporation, 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. Respondent Chinchilla Associates of America, Inc., also doing business as The House of Dizel is a corporation organized, existing and doing business under and by virtue of the laws of the State of North Carolina, with its principal office and place of business located at 2902 North Main Street, High Point, North Carolina.

Respondent Roy Lee Morris is an individual and officer of Chinchilla Associates of America, Inc., owning one-third of the outstanding shares of stock of said corporation. As president of said corporation he formulates, directs and controls the acts and practices hereinafter set forth.

The address of the individual respondent is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale, sale and distribution of chinchilla breeding stock and chinchilla fur garments to the public.

PAR. 3. In the course and conduct of their aforesaid business, respondents caused and for some time last past have caused, and respondents Roy Lee Morris and Chinchilla Associates of America, Inc., also doing business as The House of Dizel, continue to cause their said chinchillas and related products when sold, to be shipped from their place of business in the State of North Carolina to purchasers thereof located in various other States, and maintain, and at all times mentioned herein have maintained, a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their aforesaid business, and for the purpose of obtaining the names of prospective purchasers and inducing the purchase of said chinchillas and related products, the respondents made, and respondents Roy Lee Morris and Chinchilla Associates of America, Inc., also doing business as The House of Dizel, continue to make numerous statements and representations by means of television and radio broadcasts, direct mail advertising,

newspaper and magazine publications, and through oral statements and display of promotional materials to prospective purchasers by their salesmen, with respect to the breeding of chinchillas for profit without previous experience, the quality of the chinchilla breeding stock sold, the rate of reproduction of said animals, the expected return from the sale of their pelts for which there is a great demand by The House of Dizel and the training assistance to be made available to purchasers of respondents' chinchillas. Moreover, said representations emphasized that respondents solicit only a limited number of customers, that the purchasers of respondents' breeding stock may, if dissatisfied, return said animals for a complete refund after one year, and that respondents have available a medical staff.

Typical and illustrative, but not all inclusive of said statements and representations made by respondents' television and radio broadcasts, newspaper and magazine advertisements and promotional literature, are the following:

It is obvious that this grand [chinchilla] fur has a vast market all to itself which other furs cannot lay claim to.

If you qualify, Chinchilla Associates of America will teach you the business and will purchase all marketable animals.

If you qualify, we will teach you how [to raise chinchillas profitably] also guarantee IN WRITING to buy all marketable animals and replace any that do not live or reproduce the first year.

SUPPLEMENT YOUR INCOME! There is a waiting market for CHINCHILLAS YOU RAISE.

I understand that pelts will sell for $5 to $65 and that the national average is slightly less than $20 per pelt with Empress Co-op average being slightly less than $30.

We will guarantee to pay a minimum of $40.00 per mixed pair of standards and $100 each pure beige (sic) mutations.

The C. A. A. may purchase any or all animals consigned for pelting at $40.00 per animal.

The chinchilla industry is a good investment.

[Chinchilla raising] is a venture which can furnish many years of pleasure and profit in the future to those who see its advantage today.

Fortunate is the man or woman who owns a herd of these animals, for all the world wants chinchilla and only America produces it.

. . . [Chinchilla raising] is neither a fad nor a hobby, but a pleasant and profitable business that will bring satisfaction and security. . . .

Not only is the profit from raising chinchillas fabulous, but is something that is fun to do; . . . .

[Chinchilla raising] could mean *income for you* . . . on an investment less than the price of a new car.

The chinchilla is naturally hardy and does not require elaborate housing. A basement, unused bedroom or built-in back porch may be used as a starter. An outside building such as a barn, shed, chicken house or garage is also satisfactory.

. . . by following a few simple rules and instructions [chinchilla raising] is in no way difficult.

Updated [training] material will come to you from time to time.

We endeavor to instruct and help the new rancher to become successful.

Feed and supplies are available at regional depots. . . .

. . . priming and pelting stations, staffed by experienced personnel, are available. . . .

We carry a continuous research in an effort to improve the quality of C. A. A. [breeding] stock. . . .

All chinchillas purchased from Chinchilla Associates of America are certified as to quality by a worldwide grading system and guarantees that you receive top quality chinchillas. . . .

[Chinchilla Associates of America customers will] receive information pertinent to the medicine, dosages, care, etc. of chinchillas as recommended by Our Medical Staff.

The seminars will cover . . . medical assistance. . . .

Our team of research doctors . . . is constantly working on improved methods. . . .

The gestation period [of female chinchillas] is 111 days. The mother is receptive to breeding the day she litters.

. . . C. A. A. has arranged bank financing for ranchers to start into the profitable chinchilla business . . . with down payment as low as $600.

This heretofore unheard of arrangement means that financial institutions have now recognized the great potential of the chinchilla business.

We have a strict code of ethics that you will not be subjected to any sales program. . . .

Chinchilla Associates of America are actively engaged in the manufacture of chinchilla fur garments under our own label The World of Dizel.

THE WORLD OF DIZEL—MANUFACTURER OF CHINCHILLA GARMENTS.

PAR. 5. By and through the use of the aforesaid statements and representations and others of similar import and meaning, but not expressly set out herein, separately and in connection with statements and representations made by their salesmen and representatives, respondents represented, and respondents Roy Lee Morris and Chinchilla Associates of America, Inc., also doing business as The World of Dizel, continue to represent directly or by implication, that:

1. It is commercially feasible to breed and raise chinchillas from breeding stock purchased from respondents in homes, basements, spare rooms, or garages, and large profits can be expected in this manner.

2. The breeding of chinchillas from breeding stock purchased from respondents, as a commercially profitable enterprise, requires no previous experience in the breeding, caring for and raising of such animals.

3. Each female chinchilla purchased from respondents and each female offspring will usually litter successively several times annually producing one to five offspring per litter, averaging four offspring annually.

4. The offspring referred to in Paragraph Five, subparagraph 3 above will sell for $5 to $65 each and will have pelts selling for an average price of $20 per pelt, and that pelts from offspring of respondents' breeding stock generally sell from $5 to $65 each.

5. A purchaser starting with five females and one male of respondents' chinchilla breeding stock will have an annual income of $10,000 to $12,000 in the fourth year from the sale of live animals or their pelts.

6. Chinchilla breeding stock purchased from respondents is unconditionally guaranteed to live and litter.

7. The respondents will promptly fulfill all of their obligations and requirements set forth in or represented directly or by implication to be contained in the guarantee applicable to each and every chinchilla.

8. Purchasers of respondents' chinchilla breeding stock can expect a great demand for the offspring and for the pelts of the offspring of respondents' chinchillas.

9. Respondents will purchase any or all the chinchilla offspring raised by purchasers of respondents' chinchilla breeding stock, without distinction as to the quality or condition of such offspring, for $40 per mixed pair of standard chinchillas.

10. Through the assistance and advice furnished to purchasers of respondents' chinchilla breeding stock by respondents, purchasers are able to successfully breed and raise chinchillas on a part-time basis as a commercially profitable enterprise.

11. Respondents have a medical staff to assist purchasers of respondents' chinchilla breeding stock in the care and maintenance of said animals.

12. Bank financing for the purchase of respondents' chinchilla breeding stock is available because financial institutions recognize the great potential of the chinchilla business.

13. Purchasers of respondents' chinchilla breeding stock can, if dissatisfied, return said animals to respondents after one year for a complete refund from respondents.

14. Respondents will not reveal to prospective purchasers of respondents' chinchilla breeding stock the names of past purchasers of respondents' breeding stock because said chinchilla breeding stock is

of such precious value that such disclosure might cause theft of the chinchilla breeding stock.

15. Respondents' chinchilla breeding stock is of top quality as rated by a worldwide fur grading system.

16. Purchasers of respondents' chinchilla breeding stock can obtain said animals for a downpayment of $600 without, however, making any of the disclosures required in the Truth in Lending Act (P.L. 90-321; 82 Stat.146 *et seq.*) and the Act's implementing Regulation Z (12 CFR 226).

17. Only a limited number of applicants are qualified to purchase respondents' chinchilla breeding stock.

18. Chinchillas are hardy animals or are not susceptible to ailments.

PAR. 6. In truth and in fact:

1. It is not commercially feasible to breed or raise chinchillas from breeding stock purchased from respondents in homes, basements, spare rooms and garages and large profits cannot be expected this way. Such quarters or buildings, unless they have adequate space and the requisite temperature, humidity, ventilation and necessary environmental conditions are not adaptable to or suitable for the breeding or raising of chinchillas.

2. The breeding of chinchillas from breeding stock purchased from respondents as a commercially feasible enterprise requires specialized knowledge in the breeding, caring for and raising of said animals, much of which must be acquired through actual experience.

3. Each female chinchilla purchased from respondents and each female offspring will not usually litter successively several times annually producing one to five offspring per litter, averaging four offspring annually, but generally less than that number.

4. The offspring referred to in Paragraph Six, subparagraph 3 above will neither sell for $5 to $65 each nor will they produce pelts selling for an average price of $20 per pelt but substantially less than that amount; and pelts from offspring of respondents' breeding stock will generally not sell for $5 to $65 each since some of the pelts are not marketable at all and others would not sell for $20, but substantially less than that amount.

5. A purchaser starting with five females and one male of respondents' chinchilla breeding stock will not have an annual income of $10,000 to $12,000 from the sale of live animals or their pelts in the fourth year, but substantially less than that amount.

6. Chinchilla breeding stock purchased from respondents is not unconditionally guaranteed to live, breed and litter, but such guaran-

tee as is provided, is subject to numerous terms, limitations and conditions.

7. Respondents do not in fact promptly fulfill all of their obligations and requirements set forth in or represented directly or by implication to be contained in the guarantee applicable to each and every chinchilla.

8. Purchasers of respondents' breeding stock cannot expect a great demand for the offspring or and pelts from respondents' chinchillas.

9. Respondents will seldom, if ever, purchase any or all chinchilla offspring raised by purchasers of respondents' breeding stock without distinction as to the quality or condition of such offspring for $40 per mixed pair of standard chinchilla.

10. Purchasers of respondents' chinchilla breeding stock are not able to successfully breed and raise chinchillas as a commercially profitable enterprise through the assistance and advice furnished them by respondents.

11. Respondents do not have a medical staff to aid purchasers of respondents' chinchilla breeding stock in the care and maintenance of said animals.

12. Bank financing for the purchase of respondents' chinchilla breeding stock is not available because financial institutions recognize the great potential of the chinchilla business, but because the bank will be paid off the balance of delinquent chinchilla purchasers by respondents.

13. Purchasers of respondents' chinchilla breeding stock cannot return their purchases at any time for a complete or partial refund from respondents.

14. Respondents' refusal to reveal the names of their customers to prospective purchasers of respondents' chinchilla breeding stock is not because such disclosures might induce the theft of the chinchilla breeding stock.

15. Respondents' chinchilla breeding stock is not of top quality as rated by a worldwide fur grading system.

16. The fact that purchasers of respondents' chinchilla breeding stock can obtain said breeding stock for a downpayment of $600 fails to make the disclosures as required under the Truth in Lending Act (P.L. 90-321; 82 Stat. 146 *et seq.*) and the Act's implementing Regulation Z (12 CFR 226) in the manner and form prescribed therein.

17. Respondents solicit and consummate sales of their chinchilla breeding stock to anyone without prerequisite qualifications by the prospective purchasers.

18. Chinchillas are not hardy animals and are susceptible to ailments.

Therefore, the statements and representations as set forth in Paragraphs Four and Five hereof were, and are, false, misleading and deceptive.

PAR. 7. In the course and conduct of their aforesaid business, and at all times mentioned herein, respondents have been, and now are, in substantial competition, in commerce, with corporations, firms and individuals in the sale of chinchilla breeding stock of the same general kind and nature as that sold by respondents.

PAR. 8. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true and into the purchase of substantial quantities of respondents' chinchillas by reason of said erroneous and mistaken belief.

PAR. 9. The aforesaid acts and practices of the respondents, as herein alleged, were and are all to the prejudice and injury of the public and of respondents' competitors and constituted and now constitute, unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce in violation of Section 5 of the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Deceptive Practices proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and hav-

ing determined that it had reason to believe that the respondents have violated the said Act, and that complaint should issue stating its charges in that respect, and having such agreement on the public record for a period of thirty (30) days, not in further conformity with the procedure prescribed in § 2.34(b) of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Chinchilla Associates of America, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of North Carolina, with its principal office and place of business located at 2902 North Main Street in High Point, North Carolina.

Respondent Roy Lee Morris is an individual and officer of said corporation. He formulates, directs and controls the policies of said corporation, including the acts and practices under investigation. His address is the same as that of the corporate respondent.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Chinchilla Associates of America, Inc., a corporation, and The House Of Dizel, a division of said corporation, trading and doing business under any other name or names, and its officers, and Roy Lee Morris, individually and as an officer of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of chinchilla breeding stock or any other products, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

A. Representing directly or by implication that:

1. It is commercially feasible to breed or raise chinchillas in homes, basements, spare rooms, or garages, or other quarters or buildings, unless in immediate conjunction therewith it is clearly and conspicuously disclosed that the represented quarters or buildings can only be adaptable to and suitable for the breeding and raising of chinchillas on a commercial basis if they have the requisite space, temperature, humidity, ventilation and other environmental conditions.

2. Breeding chinchillas as a commercially profitable enterprise can be achieved without previous knowledge or ex-

perience in the breeding, caring for and raising of such animals.

3. Each female chinchilla purchased from respondents and each female offspring will usually litter successively several times annually producing one to five offspring per litter, or an average of four offspring annually.

4. The number of litters or sizes thereof produced per female chinchilla is any number or range thereof; or representing, in any manner, the past number or range of numbers of litters or sizes produced per female chinchilla of purchasers of respondents' breeding stock unless in fact the past number or range of numbers represented are those of a substantial number of purchasers and accurately reflect the number or range of numbers of litters or sizes thereof produced per female chinchilla of these purchasers under circumstances similar to those of the purchaser to whom the representation is made.

5. Offspring of respondents' chinchilla breeding stock sell for as much as $65 and will have pelts that sell for an average of $20 per pelt; or that pelts from the offspring of respondents' breeding stock generally sell from $5 to $65 each.

6. Chinchilla pelts from respondents' breeding stock will sell for any price, average price or range of prices; or representing, in any manner, the past price, average price or range of prices of purchasers of respondents' breeding stock unless in fact the past price, average price or range of prices represented are those of a substantial number of purchasers and accurately reflect the price, average price or range of prices realized by these purchasers under circumstances similar to those of the purchaser to whom the representation is made.

7. A purchaser starting with five females and one male of respondents' chinchilla breeding stock will have a yearly income of $10,000 to $12,000 in the fourth year from the sale of their pelts.

8. Purchasers of respondents' chinchilla breeding stock will realize earnings, profits, or income in any amount or range of amounts; or representing, in any manner, the past earnings, profits or income of purchasers of respondents' breeding stock unless in fact the past earnings, profits or in-

come represented are those of a substantial number of purchasers and accurately reflect the average earnings, profits or income of those purchasers under circumstances similar to those of the purchaser to whom the representation is made.

9. Chinchilla breeding stock purchased from respondents is guaranteed or warranted without clearly and conspicuously disclosing the nature and extent of the guarantee, the manner in which the guarantor will perform thereunder and the identity of the guarantor.

10. Respondents' chinchillas are guaranteed unless respondents do in fact promptly fulfill all obligations and requirements set forth in or represented, directly or by implication, to be contained in any guarantee or warranty applicable to each and every chinchilla.

11. Chinchillas or chinchilla pelts are in great demand; or that purchasers of respondents' breeding stock can expect to be able to sell the offspring of respondents' chinchillas because said chinchillas or pelts are in great demand.

12. Respondents will purchase all or any offspring raised by purchasers of respondents' chinchilla breeding stock for $40 per mixed pair of standard chinchillas or any other prices unless respondents do in fact purchase all of the offspring offered by said purchasers at the prices and on the terms and conditions represented.

13. The assistance or advice furnished to purchasers of respondents' chinchilla breeding stock by respondents will enable purchasers to successfully breed or raise chinchillas as a commercially profitable enterprise.

14. Respondents have a medical staff to assist purchasers of respondents' chinchilla breeding stock in the care and maintenance of said animals.

15. Bank financing for the purchase of respondents' chinchilla breeding stock is available because financial institutions recognize the great potential of the chinchilla business.

16. Purchasers of respondents' chinchilla breeding stock can, if dissatisfied, return said animals to respondents after one year for a complete refund from respondents.

17. Respondents will not reveal to prospective purchasers

of respondents' chinchilla breeding stock the names of past purchasers of respondents' breeding stock because said chinchilla breeding stock is of such precious value that such a disclosure might cause the theft of the chinchilla breeding stock.

18. Respondents' chinchilla breeding stock is of top quality as rated by a worldwide fur grading system.

19. Only a limited number of applicants are qualified to purchase respondents' chinchilla breeding stock.

20. Chinchillas are hardy animals or are not susceptible to ailments.

B. 1. Misrepresenting, in any manner, the assistance, training, services or advice supplied by respondents to purchasers of their chinchilla breeding stock.

2. Misrepresenting, in any manner, the earnings or profits to purchasers or reproduction capacity of any chinchilla breeding stock.

C. 1. Purchasers of respondents' chinchilla breeding stock can obtain said animals for a downpayment of $600.

2. Failing to make any of the disclosures required in the Truth in Lending Act (P.L. 90-321; 82 Stat. 146, *et seq.*) and the Act's implementing Regulation Z (12 CFR 226) in the manner and form prescribed therein.

D. Failing to deliver a copy of this order to cease and desist to all present and future salesmen and other persons engaged in the sale of respondents' products or services and failing to secure from each such salesman or other person a signed statement acknowledging receipt of said order.

It is further ordered, That the respondent corporation will forthwith distribute a copy of this order to each of its operating divisions.

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change in the corporation which may affect compliance obligations arising out of the order.

It is further 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 this order.