Complaint

IN THE MATTER OF

MECHEL WILKENFELD

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

Docket C-1685. Complaint, Feb. 10, 1970—Decision, Feb. 10, 1970

Consent order requiring a New York City manufacturer and wholesaler of furs to cease falsely invoicing and misbranding 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 Mechel Wilkenfeld, an individual trading as Mechel Wilkenfeld, 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 Mechel Wilkenfeld is an individual trading as Mechel Wilkenfeld with his office and principal place of business located at 355 Seventh Avenue, New York, New York.

Respondent is a manufacturer of fur products and a wholesaler of furs.

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, 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 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 without labels and fur products with labels which failed to show the name, or other identification issued and registered by the Commission, of one or more of the persons who manufactured such fur products for introduction into commerce, introduced them into commerce, sold them in commerce, advertised or offered them for sale, in commerce, or transported or distributed them in commerce.

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

(a) The term "natural" was not used on labels to describe fur products which were not pointed, bleached, dyed, tip-dyed, or otherwise artificially colored, in violation of Rule 19(g) of said Rules and Regulations.

(b) Labels affixed to fur products did not comply with the minimum size requirements of one and three-fourths inches by two and three-fourths inches, in violation of Rule 27 of said Rules and Regulations.

(c) Information required under Section 4(2) of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder was set forth in handwriting on labels, in violation of Rule 29(b) of said Rules and Regulations.

(d) Information required under Section 4(2) of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder was not set forth in the required sequence, in violation of Rule 30 of said Rules and Regulations.

PAR. 5. 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:

1. To show the true animal name of the animal or animals which produced the furs or fur used in such fur products.

2. To disclose that the furs or fur contained in the fur products was bleached, dyed, or otherwise artificially colored, when such was the fact.

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

(a) The term "natural" was not used on invoices to describe furs or fur products which were not pointed, bleached, dyed, tip-dyed, or otherwise artificially colored, in violation of Rule 19(g) of said Rules and Regulations.

(b) Required item numbers were not set forth on invoices relating to fur products, in violation of Rule 40 of said Rules and Regulations.

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 Mechel Wilkenfeld is an individual trading as Mechel Wilkenfeld with his office and principal place of business located at 355 Seventh 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 Mechel Wilkenfeld, individually and trading as Mechel Wilkenfeld, 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, 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 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. 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.

2. Failing to set forth the term "natural" as part of the information required to be disclosed on a label under the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder to describe a fur product which is not pointed, bleached, dyed, tip-dyed, or otherwise artificially colored.

3. Affixing to such fur product a label that does not comply with the minimum size requirements of one and three-fourths inches by two and three-fourths inches.

4. Setting forth information required under Section 4(2) of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder in handwriting on a label affixed to such fur product.

5. Failing to set forth information required under Section 4(2) of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder on a label in the sequence required by Rule 30 of the aforesaid Rules and Regulations.

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. Failing to set forth the term "natural" as part of the information required to be disclosed on an invoice under the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder to describe such fur or fur product which is not pointed, bleached, dyed, tip-dyed, or otherwise artificially colored.

3. Failing to set forth on an invoice the item number or mark assigned to such fur product.

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

W.W. DISTRIBUTORS, LIMITED, ET AL.

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

Docket C-1686. Complaint, Feb. 10, 1970—Decision, Feb. 10, 1970

Consent order requiring a Honolulu, Hawaii, importer and wholesaler of leis and other novelty items to cease marketing dangerously flammable products and labeling them as "flameproof."

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 W.W. Distributors, Limited, a corporation, and William W. Robinson, 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 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 W.W. Distributors, 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 1132 Auahi Street, Honolulu, Hawaii.

Respondent William W. Robinson is an officer of the aforesaid corporation. He formulates, directs and controls the acts, practices and policies of said corporation. His address is the same as that of the corporate respondent.

Respondents are importers and wholesalers of novelty items including leis.

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 leis.

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.

PAR. 4. Respondents are now and for some time last past have been engaged in the advertising, offering for sale, sale and distribution of certain products, namely leis. In the course and conduct of their business the aforesaid 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 Honolulu, Hawaii, to purchasers located in other States of the United States, and maintained

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. 5. Respondents in the course and conduct of their business have represented on labels that their products, namely leis, are "flameproof" whereas in truth and in fact such products are not flameproof. Therefore, the statement and representations made by the respondents are false, misleading and deceptive.

PAR. 6. The acts and practices set out in Paragraph Five have the tendency and capacity to mislead and deceive the purchaser of said products as to the true condition of the products.

PAR. 7. The aforesaid acts and practices of respondents as herein alleged were, and are, all to the prejudice and injury of the public, and constituted, and now constitute, 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 the 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 Commis-

sion hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent W.W. Distributors, 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 1132 Auahi Street, Honolulu, Hawaii.

Respondent William W. Robinson is an officer of said corporation and his 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 W.W. Distributors, Limited, a corporation, and its officers, and William W. Robinson, individually and as an officer of said corporation, and respondents' representatives, agents, 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 the terms "commerce," "fabric," "product" and "related material" are defined in the Flammable Fabrics Act, as amended, which fabric, product 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 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 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 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 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. Samples of the fabric, product or related material shall be of no less than one square yard of material.

It is further ordered, That respondents, W.W. Distributors, Limited, a corporation, and its officers, and William W. Robinson, individually and as an officer of said corporation and respondents' representatives, agents and employees through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of their products in commerce, as "commerce" is defined in Federal Trade Commission Act, do forthwith cease and desist from representing their products to be "flameproof" unless such is the fact.

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 of their compliance with this order.

IN THE MATTER OF

SAMUEL BRAUN FURS, INC., ET AL.

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

Docket C-1687. Complaint, Feb. 10, 1970—Decision, Feb. 10, 1970

Consent 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 Samuel Braun Furs, Inc., a corporation, and Aaron Zwiebel, Mayer Pasternack and Kurt Maurer, 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 Samuel Braun Furs, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

Respondents Aaron Zwiebel, Mayer Pasternack and Kurt Maurer are officers of the corporate respondent. They formulate, direct and control the policies, acts and practices 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 330 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 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 the fur contained therein was "color added" 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 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 products were bleached, dyed or otherwise artificially colored, when such was the fact.

PAR. 6. Certain of said fur products were falsely and deceptively invoiced in violation of the Fur Products Labeling Act in that they were not invoiced in accordance with the Rules and Regulations promulgated thereunder inasmuch as the term "natural" was not used on invoices to describe fur products which were not pointed, bleached, dyed, tip-dyed, or otherwise artificially colored, in violation of Rule 19(g) of said Rules and Regulations.

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 reason 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, 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 records 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 Samuel Braun Furs, 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 330 Seventh Avenue, New York, New York.

Respondents Aaron Zwiebel, Mayer Pasternack and Kurt Maurer 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 Samuel Braun Furs, Inc., a corporation, and its officers, and Aaron Zwiebel, Mayer Pasternack and Kurt Maurer, 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 any fur product by:

1. Representing, directly or by implication on a label that the fur contained in such fur product is "color added" when such fur is dyed.

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 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. Failing to set forth the term "natural" as part of the information required to be disclosed on an invoice under the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder to describe such fur product which is not pointed, bleached, dyed, tip-dyed, or otherwise artificially colored.

It is further ordered, That respondents Samuel Braun Furs, Inc., a corporation, and its officers, and Aaron Zwiebel, Mayer Pasternack and Kurt Maurer, 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 respondents notify the Commission at least 30 days prior to any proposed change in the corporate respondent such as dissolution, asssignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or 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.

Complaint

IN THE MATTER OF

EPSTEIN & SHERMAN, 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-1688. Complaint, Feb. 10, 1970—Decision, Feb. 10, 1970

Consent order requiring a New York City manufacturing furrier to cease falsely invoicing and misbranding 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 Epstein & Sherman, Inc., a corporation, and Harry Epstein and Harry Sherman, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and the Rules and Regulations promulated 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 Epstein & Sherman, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

Respondents Harry Epstein and Harry Sherman are officers of the corporate respondent. They formulate, direct and control the policies, acts and practices 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 145 West 30th 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 the fur contained therein was "color added" 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 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 products were 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 certain of said fur products were invoiced to show that the fur contained therein was "color added" when in fact such fur was "dyed," 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 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 records 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 Epstein & Sherman, 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 145 West 30th Street, New York, New York.

Respondents Harry Epstein and Harry Sherman are officers of the said respondent. 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 Epstein & Sherman, Inc., a corporation, and its officers, and Harry Epstein and Harry Sherman, individually and as officers of said corporation, and respondents' representatives, agents and employees, directly or through any cor-

porate 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 any fur product by:

1. Representing, directly or by implication on a label that the fur contained in such fur product is "color added" when such fur is dyed.

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 contained in such fur or fur product is "color added," when such fur is dyed.

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.

Order

IN THE MATTER OF

HARRY'S LINOLEUM COMPANY, ET AL.

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

Docket 8275. Complaint, Jan. 13, 1961—Decision, Feb. 12, 1970

Order modifying an earlier order dated December 27, 1961, 59 F.T.C. 1422, which prohibited five affiliated retailers of carpeting from making deceptive pricing and other false representations, by adding a new Paragraph 4 requiring respondents to cease failing to maintain adequate records by which the validity of its pricing claims might be established.

ORDER MODIFYING ORDER TO CEASE AND DESIST

The Commission on December 27, 1961 [59 F.T.C. 1422], 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. Representing directly or by implication:

(a) that any amount is respondents' usual and customary retail price of merchandise unless such amount is the price at which the merchandise is offered constitutes a reduction sold at retail by respondents in the recent regular course of business.

(b) that any saving is afforded in the purchase of merchandise from the respondents' retail price unless the price at which the merchanidse is offered constitutes a reduction from the price at which said merchandise is usually and customarily sold at retail by the respondents in the recent regular course of business.

(c) that any merchandise, sold or offered for sale is guaranteed, unless the nature and extent of the guarantee and the manner in which the guarantor will perform thereunder are clearly and conspicuously disclosed.

(d) that any merchandise is given away "free" with a purchase of other merchandise, or in any other manner, unless such is the fact.

(e) that carpeting made from DuPont 501 Nylon is indestructible.

(f) that respondents are the only sellers of DuPont 501 Nylon carpeting in a trade area where such a representation is made, unless such is the fact.

2. Using the words "made to sell for" or any other words or terms of similar import in connection with prices of merchandise unless such prices are those at which the merchandise has been sold by respondents in the recent regular course of business, or unless such prices are those at which the merchandise has usually and customarily been sold at retail in the trade area where the representations are made.

3. Misrepresenting in any manner, the amount of savings available to purchasers of respondents' merchandise, or the amount by which the price of merchandise has been reduced either from the price at which it has been usually and customarily sold by respondents in the recent regular course of business, or from the price at which it has been usually and customarily sold at retail in the trade area where the representation is made.

And the Commission on August 27, 1967, having issued its order to show cause why this proceeding should not be reopened and its order by December 27, 1961, modified by the addition of a new paragraph numbered 4 which would read:

4. 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 paragraphs 1(a) and (b), 2 and 3 of this order, are based, and from which the validity of any such claims can be established.

Respondents having filed an answer which opposed this modification and raised substantial factual issues, the Commission thereafter directed that hearings be held for receipt of evidence before a hearing examiner and further directed that at the conclusion thereof the record be certified to the Commission, together with the examiner's recommendation for final disposition; and

Commission counsel and the president and counsel for respondents, on January 15, 1970, having stipulated that respondents would accept the modification of the order to cease and desist as set forth in the order to show cause, and having further stipulated that such acceptance of the modification was not an inference or admission that the provisions of the original order to cease and desist have or have not been violated; and

The hearing examiner having concluded that the filing of the stipulation disposes of the issues raised by the pleadings herein certified the matter to the Commission on January 30, 1970, with the recommendation that the stipulation be accepted and that an order be en-

tered amending the order to cease and desist of December 27, 1961, in the manner proposed in the order to show cause; and

The Commission being of the opinion that the public interest will be best served by modifying its order of December 27, 1961:

It is ordered, That the stipulation between the parties, dated January 15, 1970, be, and it hereby is, accepted by the Commission.

It is further ordered, That the Commission's order of December 27, 1961 [59 F.T.C. 1422], be, and it hereby is, modified by adding thereto as paragraph 4 the following:

4. 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 paragraphs 1(a) and (b), 2 and 3 of this order, are based, and from which the validity of any such claims can be established.

IN THE MATTER OF

COFFEE BAR MANUFACTURING COMPANY, INC., ET AL.

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

Docket C-1689. Complaint, Feb. 13, 1970—Decision, Feb. 13, 1970

Consent order requiring two Richardson, Texas, sellers of eyeglass cleaners through franchised distributorships who also formerly sold other items in this manner to cease misrepresenting that they manufacture their products, exaggerating the earnings of their franchisees, falsely guaranteeing any certain percent on their investments, granting exclusive territories, and making other misrepresentations to obtain franchised dealers.

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 Coffee Bar Manufacturing Company, Inc., a corporation, Royal Distributing Company, Inc., a corporation, and Gary Epstein and Harold Epstein, individually and as officers of said corporations, hereinafter referred to as respondents, have violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect

thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondents Coffee Bar Manufacturing Company, Inc., and Royal Distributing Company, Inc., are corporations organized, existing and doing business under and by virtue of the laws of the State of Texas, with their principal office and place of business located at 801 South Sherman, in the city of Richardson, State of Texas.

Respondents Gary Epstein and Harold Epstein are officers and stockholders of the corporate respondents. They formulate, direct and control the acts and practices of the corporate respondents, including the acts and practices hereinafter set forth. Their address is the same as that of the corporate respondents.

The aforementioned respondents cooperate and act together in carrying out the acts and practices hereinafter set forth.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale, sale and distribution of eyeglass cleaners and displays advertising such item, and routes, licenses, franchises and distributorships for the sale of their eyeglass cleaners to dealers for resale to members of the general public. Formerly respondents advertised, offered for sale, sold and distributed various items of merchandise, such as coffee bars and tools and displays advertising such items, and routes, licenses, franchises and distributorships for the sale of such items to dealers for resale of such items to members of the general 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 products, when sold, to be shipped from their place of business in the State of Texas 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 inducing the purchase of their products, routes, licenses, franchises and distributorships, respondents have made, and are now making, statements and representations in oral sales presentations to prospective purchasers and in advertisements inserted into newspapers and in promotional material with respect to earnings, profits, location of routes, character of business, security of investment, and exclusivity of territories granted.

Typical and illustrative of said statements and representations

contained in respondents' newspaper advertisements, but not all inclusive thereof, are the following:

Exclusive Distributorship

We are looking for a sensible down-to-earth individual with whom we can work side by side to our mutual benefit. This individual will, with our wholehearted cooperation and our tremendous background of successful experience, operate an agency from which he will supply drink packets of Maxwell House Coffee, Sanka, Hot Chocolate, Soups and other General Foods products, to offices, plants, motels, retail stores, service stations, etc. throughout a specified area. He will use our unique and highly unusual Coffee-Bars the cost of which is less than $15 each. These are not vending machines.

We are not jobbers or professional salesmen. We are the manufacturers of these Coffee-Bars and the sole distributors throughout the United States.

Nor are we looking for a part-time operator. The individual we appoint will have plenty to do. He will be the only distributor in his area handling our equipment. There is a necessary investment of $5,000 fully secured by an inventory of such equipment.

There is virtually no limit to the profit potential. If you want good earnings from the very first day, if you are the sort of person who will accept a challenge when really big money is at stake, Write or Phone us: COFFEE BAR MFG. CO., INC. . . .

* * * * * * *

CALL ON Established accounts in . . . area handling our nationally famous QUALITY TOOL LINE. A few hours work weekly can make you hundreds of dollars monthly. We do all the selling necessary. All you do is service the accounts. Investment of $995.00 puts you in business. (100% investment return clause.) For further information phone: . . . .

PAR. 5. By and through the use both 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 the oral statements and representations by their salesmen and representatives made to prospective purchasers and purchasers, the respondents have represented, and are now representing, directly or by implication, that:

1. Respondents manufacture the products they offer for sale; or, in some instances, that they are directly affiliated with manufacturing companies in various capacities such as selling company or distributor.

2. Persons investing in respondents' distributorships realize profits of $1,000 per month or $400 per month, or various other substantial amounts from their investment.

3. Respondents guarantee their distributors the return of 100 percent of their investment.

4. Distributors purchase inventory at the wholesale price; or that the full amount of their investment or, in some instances, a stated

portion thereof is secured by the value of the inventory and display racks which they receive for their initial investment.

5. The territories in which respondents grant distributorships are exclusive to the distributors to whom granted.

6. Respondents establish profitable accounts and routes for their products, and that distributors who are sold such accounts and routes need only service the accounts and routes by restocking merchandise and collecting money.

PAR. 6. In truth and in fact:

1. Respondents do not manufacture all the products they offer for sale and are not directly affiliated with manufacturing companies in various capacities such as selling company or distributor.

2. Few, if any, persons investing in respondents' distributorships realize profits in the aforestated amounts from their investment; and a substantial number of such persons realize little or no profit therefrom.

3. Respondents do not guarantee their distributors the return of 100% of their investment or any other percent of the investment.

4. Distributors do not purchase inventory at the wholesale price but at the retail price, and the full amount of the investment or the portion thereof so represented is not fully secured by the value of the inventory and display racks which they receive for their initial investment.

5. The territories in which respondents grant distributorships, in a substantial number of instances, are not exclusive to the distributors to whom granted; and respondents have, in some instances, granted a territory to more than one distributor.

6. Respondents seldom, if ever, establish profitable accounts or routes for their distributors; and in some instances franchisees are required to secure their own accounts and routes.

Therefore, the statements and representations 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 had been, and now are, in substantial competition, in commerce, with corporations, firms and individuals, engaged in the sale of products, franchises and business opportunities of the same general kind and nature as those sold by the 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 pur-

chasing public into the erroneous and mistaken belief that said statements and representations were and are true and into the purchase of respondents' products, routes, licenses and distributorships in substantial quantities or numbers by reason of said erroneous and mistaken belief.

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, now in further conformity with the procedure prescribed in § 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. Respondents Coffee Bar Manufacturing Company, Inc., and Royal Distribution Company, Inc., are corporations organized, existing and doing business under and by virtue of the laws of the State of Texas, with their offices and principal place of business located at 801 South Sherman, in the city of Richardson, State of Texas.

Respondents Gary Epstein and Harold Epstein are officers of said corporations and their principal offices and place of business are located at the above address.

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 Coffee Bar Manufacturing Company, Inc., and Royal Distribution Company, Inc., corporations, and their officers, and Gary Epstein and Harold Epstein, individually and as officers of said corporations, 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 coffee bar units, tools, eyeglass cleaners, routes, licenses, franchises or distributorships for the sale of such items, or any other product or service, or the routes, licenses, franchises or distributorships 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) Respondents manufacture any product not in fact manufactured in a factory owned, controlled and operated by them; or that they are affiliated with or are factory representatives of any other manufacturing company; or in any manner misrepresenting their business status, their trade relationships or affiliations, or their plant or facilities.

(b) Persons investing in any business opportunity offered by respondents will earn any stated gross or net amount or will realize any stated profit or will realize a substantial amount of earnings or profit; or representing, in any manner, the past earning of any investor, distributor or franchisee unless, in fact, the past earnings represented are those of a substantial number of investors, distributors or franchisees and accurately reflect the average earnings of these investors, distributors or franchisees under circumstances similar to those of the investor, distributor or franchisee to whom the representation is made.

(c) Respondents guarantee their investors, distributors or franchisees the return of 100 percent or any other percentage of their investment.

(d) Investors, distributors or franchisees purchase inventory at the wholesale price; or that their investment or any portion thereof is secured by the value of the inventory and

display equipment which they receive for their initial investment in excess of the amount such goods and equipment would bring at a forced sale on the open market.

(e) Persons investing in any business opportunity offered by respondents will be granted an exclusive territory in which to sell products purchased from respondents unless respondents provide in all contracts, licenses or agreements with such persons to whom such exclusive territories have been granted, a description of the size and limits of the territories and a statement that no other investor, franchisee or distributor of the same products has been, or will be, granted the same territory or any part thereof and unless respondents, in all instances, abide by such provisions.

(f) Respondents establish profitable accounts or routes for their investors, franchisees or distributors; or representing in any manner, the profitableness of accounts or routes previously established for respondents, investors, franchisees or distributors unless, in fact, the representation made has been the experience of a substantial number of investors, franchisees or distributors and accurately reflects the profitableness of such accounts or routes under circumstances similar to those of the investor, distributor or franchisee to whom the representation is made.

2. Failing to (a) deliver a copy of respondents' Statement of Business Principles and Code of Conduct as attached here to all of respondents' present salesmen, customers or other persons, firms and corporations engaged in the sale of respondents' products, routes, licenses, franchises or distributorships, and to obtain therefor a signed statement acknowledging receipt thereof; and (b) incorporate the exact terms of said Statement into all future contracts and other instruments evidencing the business relationship between respondents and their salesmen, licensees, franchisees, routemen, distributors and/or other persons, firms and corporations who may engage in the sales on behalf of respondents in subparagraph (a) of this paragraph.

It is further ordered, That 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 the order.

STATEMENT OF BUSINESS PRINCIPLES AND CODE OF CONDUCT

In keeping with good business practices and ethical standards of conduct we strictly adhere to the following principles:

(a) No official, salesman or other employee should represent, directly or by implication, that we manufacture any product not in fact manufactured in a factory owned, controlled and operated by us; or that we are affiliated with or are factory representatives of any other manufacturing company, unless such are the actual facts; or in any manner misrepresenting our business status, our trade relationships or affiliations, or our plant or facilities.

(b) No official, salesman or other employee should represent, directly or by implication, that persons investing in any business opportunity offered by us will earn any stated gross or net amount or will realize any stated profit or will realize a substantial amount of earnings or profit; nor do we represent in any manner, the past earnings of any investor, distributor or franchise unless, in fact, the past earnings represented are those of a substantial number of investors, distributors or franchisees and accurately reflect the average earnings of these investors or franchisees under circumstances similar to those of the investor, distributor or franchisee to whom the representation is made.

(c) No official, salesman or other employee should represent, directly or by implication, that we guarantee our investors, distributors or franchisees the return of 100 percent or any other percentage of their investment.

(d) No official, salesman or other employee should represent, directly or by implication, that investors, distributors or franchisees purchase inventory at the wholesale price, unless such is an actual fact; or that their investment or any portion thereof is secured by the value of the inventory and display equipment which they receive for their initial investment in excess of the amount such goods and equipment would bring at a forced sale on the open market.

(e) No official, salesman or other employee should represent, directly or by implication, that persons investing in any business opportunity offered by us will be granted an exclusive territory in which to sell products purchased from us unless we provide in all contracts, licenses or agreements with such persons to whom such exclusive territories have been granted, a description of the size and limits of the territories and a statement that no other investor, franchisee or distributor of the same products has been, or will be,

granted the same territory or any part thereof and unless we in all instances, abide by such provisions.

(f) No official, salesman or other employee should represent, directly or by implication, that we establish profitable accounts or routes for our investors, franchisees or distributors, nor do we represent in any manner the profitableness of accounts or routes previously established for our investors, franchisees or distributors unless, in fact, the representation made has been the experience of a substantial number of investors, franchisees or distributors and accurately reflects the profitableness of such accounts or routes under circumstances similar to those of the investor, distributor or franchisee to whom the representation is made.

We further require that all our investors, distributors, franchisees and salesmen adhere to and abide by these principles and standards of conduct.

IN THE MATTER OF

GOLDEN PRINCESS CHINCHILLA INC., ET AL.

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

Docket C-1690. Complaint, Feb. 13, 1970—Decision, Feb. 13, 1970

Consent order requiring a Louisville, Kentucky, seller of chinchilla breeding stock to cease making exaggerated earning claims, misrepresenting the quality of its stock, deceptively guaranteeing the fertility of its stock and misrepresenting its services to its customers.

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 Golden Princess Chinchilla Inc., a corporation and Ray Jones and William E. Mosley, individually and as officers 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 Golden Princess Chinchilla Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Kentucky, with its principal office

and place of business located at 4650 Melton Avenue, Louisville, Kentucky.

Respondents, Ray Jones and William E. Mosley are individuals and officers of Golden Princess Chinchilla Inc. They formulate, direct and control the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. Mr. Jones' address is the same as that of the corporate respondent and Mr. Mosley's address is 7301 Grade Lane, Louisville, Kentucky.

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 business in the State of Kentucky 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 chinchillas 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 chinchillas, the respondents make numerous statements and representations by means of radio broadcasts, advertising in newspapers and magazines, direct mail advertising, and through oral statements and display of promotional material to prospective purchasers 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 and assistance to be made available to purchasers of respondents' chinchillas.

Typical and illustrative, but not all inclusive of the statements and representations made on respondents' radio programs, in newspaper and magazine advertisements and in promotional material, are the following:

Raise chinchillas for Profit!

Can you qualify for: Fun and Profit for the whole family?

Clean and odorless.

Perhaps you can qualify. Use this handy check list to see if you could be a chinchilla rancher.

( ) Do you love animals?

( ) Do you have a basement, outbuilding or a spare room?

( ) Do you have spare time you would like to turn into profitable time?

Chinchilla ranching. . . . a profitable past time that can explode into a five figure income.

Thorough training program.

Professional assistance.

Replacement Warranties.

Successful chinchilla ranching can be started in basements, spare rooms, closed-in porches and outbuildings with modifications. Since the chinchilla is odorless and practically noiseless, since his thick coat repels all parasites, housing is usually not a major problem.

Facts: The layman often labors under the false impression that chinchillas are delicate, difficult to care for, disease carrying rodents. He is right in only one instance—the chinchilla is a rodent. However, this is where the truth and fiction separate. Conversely, the chinchilla is a healthy, hardy, disease-free animal that needs only NUTRITION to BUILD its immunity against disease.

The gestation period is 111 days. A female chinchilla will produce from 1 to 3 babies per litter. The mother is receptive to breeding the day she litters and is capable of continuous breeding up to 10 years.

Golden Princess qualifies in all of the categories that make ranching a success.

A. Quality stock.

B. Experiences consultants. * * *

E. Marketing agreements to insure your success.

Guarantee

* * * * * * *

D. Golden Princess Chinchillas cage and feed to be of the highest quality available.

E. That with a Golden Princess Chinchilla's herd you can establish a profitable business in the raising of chinchillas.

Is schooling or experience necessary to qualify as a Golden Princess rancher? Our Golden Princess Chinchilla Rancher consultant personally guides each new rancher through the proven methods of chinchilla ranching. However, it is imperative that you must like animals to qualify.

People with insight to invest now . . . will reap the profit harvest of tomorrow. The chinchilla market cannot expand as quickly as the consumer demands.

Mutation chinchilla pelts are the most valuable furs in the world and are being demanded by exquisite fashion designers from Los Angeles to New York and Paris. . . . With professional help of Golden Princess Chinchilla Ranches you may begin chinchilla ranching in your spare time in a space no larger than the average household clothes closet. . . . Chinchillas have no odor and cost less than a penny a day to feed.

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 the oral statements and representations made by their salesmen and representatives to prospective purchasers and purchasers, respondents represent, and have represented, directly or by implication, that:

1. It is commercially feasible to breed and raise chinchillas from

breeding stock purchased from respondents in homes, basements, closed-in porches or outbuildings.

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

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

4. Purchasers of respondents breeding stock receive top quality or "Empress Certified" quality chinchillas.

5. Each female chinchilla pruchased from respondents and each female offspring will produce at least 3.8 live offspring per year.

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

7. The offspring of standard chinchillas purchased from respondents will produce pelts selling for from $20 to $70.

8. Beige females will sell for $1,500 and beige males will sell for $300.

9. Purchasers of respondents' chinchillas will in five to six years realize an annual income of from $9,680 to $20,000.

10. Chinchilla breeding stock purchased from respondents is warranted or guaranteed for unconditional replacement.

11. Purchasers of respondents' breeding stock receive periodic service calls from respondents' service personnel.

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

13. Chinchillas are odorless.

14. 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.

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 or outbuildings 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. Purchasers of breeding stock sold by respondents do not receive top quality or "Empress Certified" quality chinchillas.

5. Each female chinchilla purchased from respondents and each female offspring will not produce at least 3.8 live offspring per year, but generally less than that number.

6. Each female chinchilla purchased from respondents and each female offspring will not produce successive litters of from one to five 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 which will generally sell for from $20 to $70 each since some of the pelts are not marketable at all and others would not sell for as much as $20 but for substantially less than that amount.

8. Beige females will not generally sell for $1,500 and beige males for $300.

9. Purchasers of respondents' chinchillas will not in five or six years realize an annual income of from $9,680 to $20,000.

10. Chinchilla breeding stock purchased from respondents are not unconditionally replaced but such warranty or guarantee is subject to numerous limitations and conditions.

11. Purchasers of respondents' breeding stock seldom receive service calls from respondents' service personnel.

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

13. Chinchillas are not odorless.

14. The assistance or advice furnished to purchasers of respondents' chinchilla breeding stock by respondents will not enable purchasers to successfully breed or raise chinchillas as a commercially profitable enterprise.

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, and 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.

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 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 Golden Princess Chinchilla Inc., is a corporation organized, existing and doing business under and by virtue of the

laws of the State of Kentucky, with its office and principal place of business located at 4650 Melton Avenue, Louisville, Kentucky.

Respondents Ray Jones and William E. Mosley are officers of said corporation. Mr. Jones' address is the same as that of the corporate respondent and Mr. Mosley's address is 7301 Grade Lane, Louisville, Kentucky.

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 Golden Princess Chinchilla Inc., a corporation, and its officers, and Ray Jones and William E. Mosley, individually and as officers 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 or outbuildings, 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 top quality or "Empress Certified" quality chinchillas.

5. Each female chinchilla purchased from respondents and each female offspring will produce at least 3.8 live offspring per year.

6. The number of live offspring produced per female chinchilla is any number or range of numbers; or represent-

ing, in any manner, the past number or range of numbers of live offspring 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 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 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.

9. Pelts from the offspring of respondents' chinchilla breeding stock will sell for from $20 to $70 each.

10. Chinchilla pelts 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 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.

11. Beige females and beige males produced by respondents' breeding stock will sell for $1,500 and $300 respectively.

12. A purchaser of respondents' breeding stock will in five to six years have a yearly income of from $9,680 to $20,000.

13. 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 of 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.

14. 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.

15. Purchasers of respondents' chinchilla breeding stock will receive periodic service calls from respondent's service personnel after purchase of the animals unless purchasers do, in fact, receive the represented service calls at the represented intervals or frequency.

16. 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.

17. Chinchillas are odorless.

18. 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. 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.

C. 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' product 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 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 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

NORTH AMERICAN CHINCHILLA CORPORATION, ET AL.*

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

Docket C-1691. Complaint, Feb. 17, 1970—Decision, Feb. 17, 1970

Consent order requiring a Salt Lake City, Utah, seller of chinchilla breeding stock to cease making exaggerated earning claims, misrepresenting the quality of its stock, deceptively guaranteeing the fertility of its stock, and misrepresenting its services to its customers.

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 North American Chinchilla Corporation, a corporation, and Kurt Wegner, individually and as an officer of said corporation, formerly doing business as North American Chinchilla Company, hereinafter referred to as respondents, have violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent North American Chinchilla Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Utah, with its principal office and place of business located at 2915 Brookburn Road, Salt Lake City, Utah.

Respondent Kurt Wegner is an officer of the corporate respondent.

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* Formerly known as North American Chinchilla Company.

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. Prior to April 25, 1967, he did business as North American Chinchilla Company at the address above stated and on the date referred to he formed North American Chinchilla Corporation which has since carried on the business hereinafter described.

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 business in the State of Utah 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, for the purpose of obtaining names of prospective purchasers and inducing the purchase of said chinchillas, respondents make, and have made, numerous statements and representations in direct mail advertising and through the oral representations and display of promotional material to prospective purchasers by their salesmen with respect to breeding and raising of chinchillas for profit without previous experience, the rate of reproduction of said animals, guarantees, the price of their pelts and the income to be expected from propagating chinchillas.

Typical and illustrative of said advertising statements and representations, but not all inclusive thereof, are the following:

ARE YOU SATISFIED
WITH YOUR
PRESENT INCOME?

WE MAY HAVE FOUND
THE ANSWER TO FINANCIAL
SECURITY FOR CITY PEOPLE
AND FARMERS ALIKE.

CHINCHILLAS
COULD PULL YOU OUT
OF YOUR MONTHLY
PAYCHECK RUT!!!

CHINCHILLA RANCHERS
ARE INCREASING THEIR
ANNUAL INCOME BY
RAISING HIGH QUALITY
CHINCHILLAS FOR THE
FUR MARKET.

PROFIT IS HIGH!
. . . PELTS ARE SELLING
FOR ABOUT $30.00. . .
AND THE DEMAND FOR
QUALITY PELTS *IS INCREASING*
EVERY YEAR!

BREEDING STOCK
WARRANTEED TO LIVE
3 YEARS AND TO REPRODUCE.

TRAINING!
(Even Though You have
No Experience)

Membership in a National Service
Organization assures "On The Job
Training In Your Home", by our
qualified personnel.

TURN THAT EXTRA
ROOM INTO POTENTIAL
INCOME FOR EDUCATION,
TRAVEL OR RETIREMENT.

(on return card):
FIND OUT WHAT AN INVESTMENT IN CHINCHILLA
RANCHING CAN DO FOR YOU!

* * * * * * *

I am interested in additional annual income of (ck. one) $2,500—$5,000—$7,500—$10,000—$15,000—.

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, and through the oral statements and representations made in sales presentations to purchasers, respondents represent, and have represented, directly or by implication:

1. That it is commercially feasible to breed and raise chinchillas purchased from respondents in homes, basements, garages, barns or spare rooms and that an annual income of from $2,500 to $15,000 can be earned in this manner.

2. That the breeding of chinchillas purchased from respondents as a commercial enterprise with earnings from $2,500 to $15,000 requires no previous experience in breeding, raising or caring for said animals.

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

4. That chinchilla breeding stock purchased from respondents and the progeny of such chinchillas will double each year producing an equal number of female and male offspring.

5. That all of the offspring of chinchillas purchased from respondents and the successive progeny thereof will have pelts selling for an average price of $30.

6. That a purchaser starting with six mated pairs of chinchillas purchased from respondents will have an annual net income of $5,000 therefrom at the end of five years.

7. That chinchilla breeding stock purchased from respondents is unconditionally warranted to live three years and to reproduce.

8. That breeding by mated pairs rather than polygamous breeding is the conventional method used by successful commercial chinchilla breeders.

PAR. 6. In truth and in fact:

1. It is not commercially feasible to breed or raise chinchillas in homes, basements, garages, barns or spare rooms and an annual income of from $2,500 to $15,000 cannot be earned in this manner. Such quarters or buildings, unless they have adequate space and the requisite temperature, humidity, ventilation and other necessary environmental conditions conducive to breeding and raising chinchillas, are not adaptable to or suitable for propagating such animals on a commercial basis.

2. The breeding of chinchillas as a commercial enterprise requires specialized knowledge in respect to the feeding, care and breeding 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 produce successive litters of one to four live offspring at 111-day intervals.

4. Chinchilla breeding stock purchased from respondents and the successive progeny of such chinchillas will not double each year nor will they produce an equal number of female and male offspring each year.

5. All of the offspring of chinchillas purchased from respondents

and the successive progeny thereof will not have pelts selling for an average price of $30 but substantially less than that amount.

6. A purchaser starting with six mated pairs of chinchillas purchased from respondents will not have an annual net income of $5,000 at the end of five years but substantially less than that amount, if any net income at all.

7. Respondents' warranty is not unconditional. The represented warranty is subject to terms, limitations and conditions not disclosed in the advertising.

8. Polygamous breeding rather than mated pair breeding is the conventional method used by successful commercial chinchilla breeders.

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, respondents have been in substantial competition, in commerce, with corporations, firms and individuals in the sale of chinchilla breeding stock.

PAR. 8. The use by respondents of the aforementioned false, misleading and deceptive statements, representations and practices has had, and now has, the tendency and capacity 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 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, now in further conformity with the procedure prescribed in § 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 North American Chinchilla Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Utah, with its office and principal place of business located at 2915 Brookburn Road, Salt Lake City, Utah.

Respondent Kurt Wegner is an officer of the corporate respondent. He formulates, directs and controls the acts and practices of the corporate respondent, and his address is the same as that of said corporation. Said respondent formerly did business as North American Chinchilla Company.

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 North American Chinchilla Corporation, a corporation, and its officers and Kurt Wegner, individually and as an officer of said corporation and formerly doing business as North American Chinchilla Company or under any other trade name or names, 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, barns or spare rooms or other quarters or buildings unless in immediate conjunction therewith it is clearly and conspicuously disclosed that the repre-

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

4. The number of live offspring produced per female chinchilla is any number or range thereof; or representing, in any manner, the past number or range of numbers produced per female 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 live offspring produced per female chinchilla of these purchasers under circumstances similar to those of the purchaser to whom the representation is made.

5. Chinchilla breeding stock purchased from respondents and successive generations will double in number each year or produce an equal number of male and female offspring each year; or misrepresenting, in any manner, the number or the proportion of male and female chinchilla offspring produced in any given period of time.

6. Pelts from the offspring of chinchilla breeding stock purchased from respondents sell for an average price of $30 per pelt.

7. Pelts of offspring from breeding stock purchased from respondents 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 represented price or prices are those of a substantial number of purchasers and accurately reflect the price or prices realized by these purchasers under circumstances similar to those of the purchaser to whom the representation is made.

8. A purchaser of six mated pairs of respondents' chin-

chilla breeding stock will have an annual net income of $5,000 from the sale of pelts at the end of five years.

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

10. Chinchilla breeding stock or any other products are warranted or guaranteed unless the nature and extent of the guarantee, the manner in which the guarantor will perform thereunder and the name and address of the guarantor are clearly and conspicuously disclosed.

11. Breeding chinchillas by mated pairs rather than by polygamous breeding is the conventional method used by successful commercial chinchilla breeders; or misrepresenting, in any manner, the comparative merits of breeding chinchillas by mated pairs as against polygamous breeding or any other breeding method.

B. Misrepresenting, in any manner, the earnings or profits made or to be made in breeding and raising chinchillas.

C. 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 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 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.

Complaint

IN THE MATTER OF

COLGATE-PALMOLIVE COMPANY, ET AL.

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

Docket C-1692. Complaint, Feb. 24, 1970—Decision, Feb. 24, 1970

Consent order requiring a New York City corporation engaged in the manufacture and distribution of plastic bag wraps described as "Baggies" and its advertising agency to cease the deceptive use of any test, experiment or demonstration in advertising respondent's plastic bags.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that Colgate-Palmolive Company, a corporation, and Masius, Wynne-Williams, Street & Finney, Inc., a 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 Colgate-Palmolive Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware with its principal office and place of business located at 300 Park Avenue, in the city of New York, State of New York.

Respondent Masius, Wynne-Williams, Street & Finney, Inc., is a corporation, organized, existing and doing business under and by virtue of the laws of the State of New York with its principal office and place of business located at 535 Fifth Avenue, in the city of New York, State of New York.

PAR. 2. Respondent Colgate-Palmolive Company now, and for some time past, has been engaged in the sale and distribution of a plastic bag wrap described as "Baggies," which, when sold is shipped to purchasers located in various States of the United States. Thus respondent maintains and at all times mentioned herein has maintained, a substantial course of trade in bag wrap in commerce, as "commerce" is defined in the Federal Trade Commission Act.

Respondent Masius, Wynne-Williams, Street & Finney, Inc., is now and for some time last past has been, an advertising agency of

Colgate-Palmolive Company, and now prepares and places, and for some time last past has prepared and placed, advertising material, including but not limited to the advertising referred to herein, to promote the sale in commerce of Baggies and other products.

PAR. 3. Respondent Colgate-Palmolive Company, at all times mentioned herein has been and now is in substantial competition in commerce with individuals, firms and corporations engaged in the sale and distribution of bag wraps.

PAR. 4. In the course and conduct of its business and for the purpose of inducing the sale of Baggies, respondents have advertised said Baggies by means of a demonstration and various statements used in connection therewith in television broadcasts transmitted by television stations located in various States of the United States and in the District of Columbia having sufficient power to carry such broadcasts across State lines.

Said demonstration and the statements used in connection therewith is contained in the following commercial:

Title: "Sink"

1. Friend: (Testily) Baggies Schmaggies. They're no better than my sandwich bag.
2. Woman: Oh no? Run some water.
3. (SFX: Running Water) Woman: I'll prove Baggies seal tighter with Twister Seals. Friend: But Helen.
4. Woman: Here's my sandwich in Baggies, and yours in the other kind.
5. Friend: (under) don't! Woman: I'll dunk them both. Watch.
6. Woman: Baggies seal tight but your bag leaks. My sandwich is still fresh.
7. Now what do you say.
8. Okay, you proved Baggies with Twister Seals are better.
9. But did you have to ruin my sandwich?

PAR. 5. Through the use of the aforesaid demonstration and the statements used in connection therewith, respondents represent, directly or by implication, that such demonstration is proof of how Baggies keep food fresh, and that such demonstration is proof of the superiority of Baggies over competitive wraps for keeping food fresh when stored under ordinary conditions of use.

PAR. 6. In truth and in fact, the said demonstration, including the statements and representations used in connection therewith, is not proof of the ability of Baggies to keep food fresh and is not proof of the superiority of Baggies over other competitive wraps for keeping food fresh under ordinary conditions of use, for a myriad of factors, including micro flora, temperature, air, moisture, storage and the type of food stored, all have an interrelated part in the prevention of food spoilage. Dunking the sealed bags in a sink of water

and swishing them vigorously for three to five seconds during which time the closure of the competitive bag allows water to enter while no water enters the "Baggies" is not proof of the comparative abilities of the two bags to prevent food spoilage under ordinary conditions of use.

Therefore, the said demonstration, including the statements and representations used in connection therewith, is false, misleading and deceptive.

PAR. 7. The use by the respondents of the aforesaid demonstration and the statements and representations used in connection therewith has had, and now has, the tendency and capacity to mislead and deceive a substantial portion of the purchasing public into the erroneous and mistaken belief that said demonstration including the statements and representations used in connection therewith did and does constitute proof of the food storage capabilities of Baggies, and into the purchase of a substantial quantity of Colgate-Palmolive's bag wrap because of such erroneous and mistaken belief.

PAR. 8. The aforesaid acts and practices of respondents, as herein alleged, were, and are, all to the prejudice and injury of the public and constituted, and now constitute, unfair and deceptive acts and practices, 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 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 Colgate-Palmolive Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal place of business located at 300 Park Avenue, in the city of New York, State of New York.

Respondent Masius, Wynne-Williams, Street & Finney, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its principal place of business located at 535 Fifth 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 respondents, and the proceeding is in the public interest.

ORDER

I

It is ordered, That respondent Colgate-Palmolive Company, 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 Baggies or any other product in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

> Advertising any such product by presenting a test, experiment or demonstration or part thereof that is presented as actual proof of any fact or product feature that is material to inducing the sale of the product, but which does not actually prove such fact or product feature.

II

It is further ordered, That respondent Masius, Wynne-Williams, Street & Finney, Inc., a corporation, and its officers, agents, representatives and employees, directly or through any corporation or other device, in connection with the advertising, offering for sale, sale or distribution of Baggies or any bag wrap or similar product or any Colgate-Palmolive Company product in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

Advertising any such product by presenting a test, experiment or demonstration or part thereof that is presented as actual proof of any fact or product feature that is material to inducing the sale of the product, but which does not actually prove such fact or product feature.

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

IN THE MATTER OF

HURLEY CHINCHILLA RANCH, INC., ET AL.

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

Docket C-1693. Complaint, Feb. 24, 1970—Decision, Feb. 24, 1970

Consent order requiring an Omaha, Nebraska, seller of chinchilla breeding stock to cease making exaggerated earning claims, misrepresenting the quality and performance of its stock, deceptively guaranteeing the fertility of its stock, and misrepresenting services to its customers.

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 Hurley Chinchilla Ranch, Inc., a corporation, and William K. Hurley and Jack W. Swanson, individually and as officers 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 Hurley Chinchilla Ranch, Inc., is a corporation organized, existing and doing business under and by virtue

of the laws of the State of Nebraska, with its principal office and place of business located at 1112 Howard Street, Omaha, Nebraska.

Respondents William K. Hurley and Jack W. Swanson are individuals and officers of Hurley Chinchilla Ranch, Inc. The individual respondents cooperate and act together to formulate, direct and control the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. Respondent William K. Hurley's address is 8051 Meredith Street, Omaha, Nebraska. Respondent Jack W. Swanson's address is 225 North 93rd Street, Omaha, Nebraska.

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 business in the State of Nebraska 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 chinchillas 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 broadcasts, in direct mail advertising and through the oral statements and display of promotional material to prospective purchasers by their salesmen, with respect to the breeding of chinchillas for profit without previous experience, the rate of reproduction of said animals, their quality, the expected return from the sale of their pelts, the training assistance to be made available to purchasers of respondents' chinchillas, and their warranty.

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

It's easy to start. No special housing is required. A garage, spare room, basement, barn, unused chicken coop or enclosed porch are adequate.

Q. Is experience necessary to succeed?

A. Most people who have purchased Chinchillas had no experience and succeeded.

The Chinchillas can reproduce anytime after 8 months and probably litter within one year. The period of gestation is 111 days and the female may be

rebred immediately after giving birth. The average number of breedings is two a year. Three are possible. . . . Litters consist of one to five. . . .

Free Illustrated Chinchilla Brochure

Please send me your Free brochure. I understand that I am under no obligation and that no Field Man will call unless I request a visit.

It will give us much pleasure to hear from you, but still, it would be an even greater pleasure, if you would drop in and visit us in our new facilities. Browse through the long aisles of cages housing hundreds and hundreds of live, valuable Hurley Chinchillas.

This is perhaps our strongest suit. Our service personnel have had long experience in the chinchilla industry and are well qualified to meet most normal problems that may arise during early months of chinchilla ranching. Our service call schedule is presently set up to call on Hurley's customers every 90 days.

Hurley's Chinchilla Ranch unconditionally guarantees to exchange any animals purchased from them which fail to reproduce within one year from the date of delivery.

Hurley's Chinchilla Ranch unconditionally guarantees to replace any and all animals purchased from them which die from any cause up to and including one year from delivery date. . . .

Hurley's Purchase Plan. . . .

By special arrangement with Hurley's Chinchilla Ranch, Inc. . . . Omaha Chinchilla Ranch and Supply Company . . . hereby agrees to purchase all the chinchilla raised by you under the following simple conditions.

1. We will guarantee to pay a minimum of $40.00 per female or $100.00 for a group of three males and one female.

We emphasize that this is a minimum price. . . .

Five Year Investment Plan.

Starting with seven (7) Females and One (1) Male Chinchilla. Estimating three (3) babies per Female per year. . . . your potential is as follows:

Year	Offspring	Males	Females
1st	21	11	10
2d	36	18	18
3d	78	39	39
4th	162	81	81
5th	342	171	171

Estimated Five Year Return on Your Investment

288 Males at $20.00 each ---------- $5,760.00
191 Females at $20.00 each ---------- 3,820.00

Total ---------- $9,580.00

This leaves a herd of 114 females and 16 males for future expansion.

Hurley's is an enthusiastic participant in most every competitive show and exhibition throughout the United States. . . . Hurley's enters these events with almost complete confidence of winning. In fact, Hurley's has been the recipient of every type of award in the field of chinchilla breeding. . . . With such great array of authentic awards, it is concrete proof that Hurley's chinchilla stock is unquestionably the finest available. . . .

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, and through the oral statements and representations made in sales presentations to purchasers, respondents represent and have represented, directly or by implication, that:

1. It is commercially feasible to breed and raise chinchillas in homes, enclosed proches, garages, chicken coops or barns, and large profits can be made in this manner.

2. The breeding of chinchillas for profit requires no previous experience.

3. The breeding stock of seven female chinchillas and one male chinchilla purchased from respondents will result in live offspring as follow: 21 the first year, 36 the second year, 78 the third year, 162 the fourth year, and 342 the fifth year.

4. All of the offspring referred to in Paragraph Five (3) above will have pelts selling for an average price of $20 per pelt.

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

6. A purchaser starting with seven females and one male of respondents' chinchillas will have an income of $9,580 from the sale of pelts at the end of the fifth year.

7. Chinchilla breeding stock purchased from respondents is unconditionally warranted to live one year and reproduce.

8. Purchasers of respondents' breeding stock will receive service calls from respondents' service personnel every 90 days.

9. Respondents' service personnel are well qualified and have had long experience in the chinchilla industry.

10. Chinchillas are hardy animals and are not susceptible to diseases.

11. Purchasers of respondents' breeding stock will be given guidance in the care of and breeding of chinchillas.

12. Each female chinchilla purchased from respondents and female offspring will produce several successive litters of one to five offspring at 111 days intervals.

13. Purchasers of respondents' breeding stock receive the finest quality chinchilla breeding stock available.

14. Respondents participate in competitive exhibitions of chinchillas and as a result of such participation have received every type of award in the field of chinchilla breeding.

15. The respondents will promptly fulfill all of their obligations and requirements set forth in or represented directly or by implica-

tion to be contained in the guarantee or warranty applicable to each and every chinchilla.

16. Respondents maintain large modern facilities containing hundreds of chinchillas.

17. Prospective purchasers requesting respondents' brochure will not be visited by respondents' salesmen except upon request of the prospective purchaser.

18. Respondents or their agents will purchase through "Hurley's Purchase Plan" all the chinchilla offspring raised by purchasers of respondents' chinchilla breeding stock for a minimum price of $40 per female or $100 for a group of three males and one female.

19. Through the use of the word "Ranch" separately and as a part of respondents' trade name respondents are a "ranch" or farm devoted to the breeding and raising of chinchilla breeding stock.

PAR. 6. In truth and in fact:

1. It is not commercially feasible to breed or raise chinchillas in homes, enclosed porches, garages, chicken coops or barns 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 of chinchillas on a commercial basis.

2. The breeding of chinchillas for profit requires specialized knowledge in the feeding, care and breeding of said animals much of which must be acquired through actual experience.

3. The initial breeding stock of seven females and one male purchased from respondents will not result in the number specified in subparagraph (3) Paragraph Five above, since these figures do not allow for factors which reduce chinchilla production, such as those born dead or which die after birth, the culls which are unfit for reproduction, fur chewers and sterile animals.

4. All of the offspring referred to in subparagraph (4) of Paragraph Five above will not produce pelts selling for an average price of $20 per pelt but substantially less than that amount.

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

6. A purchaser starting out with seven females and one male of respondents' breeding stock will not have an income of $9,580 from the sale of pelts at the end of the fifth year but substantially less than that amount.

7. Chinchilla breeding stock purchased from respondents is not unconditionally warranted to live one year and reproduce but such

guarantee as is provided is subject to numerous terms, limitations and conditions.

8. Purchasers of respondents' breeding stock do not receive service calls from respondents' service personnel every 90 days. In some instances purchasers of respondents' chinchilla breeding stock do not receive any service calls and in other instances the time interval between said service calls is much longer than 90 days.

9. Respondents' service personnel are not well qualified and have not had long experience in the chinchilla industry.

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

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

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

13. Chinchilla breeding stock sold by the respondents is not the finest quality chinchilla breeding stock available.

14. Respondents seldom, if ever, participate in competitive exhibitions of chinchillas and have not received, as a result of such participation, every type of award in the field of chinchilla breeding. Respondents have won few, if any, awards in the field of chinchilla breeding.

15. Respondents do not in fact fulfill all of their obligations and requirements set forth in or represented directly or by implication to be contained in the guarantee or warranty applicable to each and every chinchilla.

16. Respondents do not maintain large modern facilities containing hundreds of chinchillas. Respondents' facilities consist of sales office in downtown Omaha, Nebraska and contain few, if any, chinchillas.

17. Prospective purchasers requesting respondents' brochure are visited by respondents' salesmen even if no request is made for said visit. Respondents' advertisements offering said brochure are merely a device to obtain the names and addresses of prospective purchasers and respondents' salesmen will visit prospective purchasers for the purpose of selling chinchillas irrespective of any request for said visit.

18. Respondents or any of their agents through "Hurley's Purchase Plan" seldom, if ever, purchase all or any of the chinchilla offspring raised by purchasers of respondents' breeding stock for a minimum price of $40 per female or $100 for a group of three males and one female.

19. Respondents' business organization is not a ranch or farm devoted to the breeding and raising of chinchilla breeding stock but is a business organization formed for the purpose of selling chinchilla breeding stock for respondents' own 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 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 aforementioned false, misleading and deceptive statements, representations, and practices has had, and now has, the tendency and capacity 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 quantitites of respondents' chinchillas by reason of said erroneous and mistaken belief.

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 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 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 Hurley Chinchilla Ranch, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Nebraska, with its office and principal place of business located at 1112 Howard Street, Omaha, Nebraska.

Respondents William K. Hurley and Jack W. Swanson are individuals and officers of said corporation. Respondent William K. Hurley's address is 8051 Meredith Street, Omaha, Nebraska. Respondent Jack W. Swanson's address is 225 North 93rd Street, Omaha, Nebraska.

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 Hurley Chinchilla Ranch, Inc., a corporation and its officers and directors, and William K. Hurley and Jack W. Swanson, individually and as officers 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, spare rooms, enclosed porches, chicken coops, barns or other quarters or buildings or that large profits can be made in this manner: *Provided, however*, That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that the represented quarters or buildings have the requisite space, temperature, humidity, ventilation and other environmental conditions which would make them adaptable to and

suitable for the breeding and raising of chinchillas on a commercial basis and that large profits can be made in this manner.

2. Breeding chinchillas for profit can be achieved without previous knowledge or experience in the feeding, care and breeding of such animals.

3. The breeding stock of seven females and one male chinchilla purchased from respondents will produce live offspring of 21 the first year, 36 the second year, 78 the third year, 162 the fourth year, or 342 the fifth year.

4. The number of live offspring produced by respondents' chinchilla breeding stock is any number: *Provided, however*, That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that the represented number of offspring are usually and customarily produced by chinchillas purchased from respondents or the offspring of said chinchillas.

5. The offspring of chinchilla breeding stock purchased from respondents will produce pelts selling for the average price of $20 each.

6. Chinchilla pelts produced from respondents' breeding stock will sell for any price, average price, or range of prices: *Provided, however*, That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that the represented price, average price, or range of prices are usually received for pelts produced by chinchillas purchased from respondents or by the offspring of such chinchillas.

7. Each female chinchilla purchased from respondents and each female offspring produce at least three live young per year.

8. The number of live offspring produced per female chinchilla is any number: *Provided, however*, That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that the represented number of offspring are usually and customarily produced by female chinchillas purchased from respondents or the offspring of said chinchillas.

9. A purchaser starting with seven females and one male will have, from the sale of pelts, an income, earnings, return or profits of $9,580 at the end of the fifth year after purchase.

10. Purchasers of respondents' breeding stock will realize income, earnings, return or profits in any amount or range of amounts: *Provided, however*, That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that the represented amount or range of amounts or earnings, profits or income are usually realized by purchasers of respondents' breeding stock.

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

12. Purchasers of respondents' chinchilla breeding stock will receive service calls from respondents' service personnel every 90 days or at any other interval or frequency: *Provided, however*, That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that the represented service calls are actually furnished.

13. Respondents' service personnel are qualified to service chinchilla breeders or have had long experience in the chinchilla industry.

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

15. 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: *Provided, however*, That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that purchasers are actually given the represented guidance in the care and breeding of chinchillas or are furnished the represented advice by respondents as to the breeding of chinchillas.

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

17. The number of litters or sizes thereof produced per female is any number: *Provided, however*, That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that the represented number of litters or sizes thereof are usually and customarily

produced by the chinchillas sold by respondents or the offspring of said chinchillas.

18. Purchasers of respondents' chinchilla breeding stock will receive the finest quality chinchillas available or any other grade or quality of chinchillas: *Provided, however,* That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that purchasers do actually receive chinchillas of the represented grade or quality.

19. Respondents have participated in competitive exhibitions of chinchillas; or that as a result of such participation respondents have won or received prizes or awards for their chinchillas: *Provided, however,* That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that they have participated in said exhibitions; and that they have won or received the represented prizes or awards.

20. Respondents' chinchillas are guaranteed unless respondents do in fact 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.

21. Respondents maintain large modern facilities wherein hundreds of other large numbers of chinchillas are displayed; or misrepresenting, in any manner, the size or nature of respondents' facilities or the number or kind of chinchillas or other products on hand or on display.

22. Prospective purchasers requesting respondents' brochures or other promotional literature will not be visited by respondents or their agents, salesmen or other personnel, except upon the request of the prospective purchaser; or failing to reveal that prospective purchasers requesting respondents' brochures or promotional material will be visited by respondents' agents, salesmen or other personnel.

23. Respondents will purchase all or any of the chinchilla offspring or pelts thereof raised by purchasers of respondents' chinchilla breeding stock for a minimum price of $40.00 per female or $100 for a group of three males and one female or said offspring or pelts for any other price: *Provided, however,* It shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish

that they do, in fact, purchase all offspring or pelts offered by said purchasers at the prices represented.

24. Using the word "Ranch" or any other word of similar import or meaning as part of respondents' corporate or trade name or misrepresenting in any other manner the nature, status or character of respondents' business.

B. Failing promptly to fulfill all of their obligations and requirements under the terms set forth in or represented, directly or by implication, to be contained in any guarantee or warranty applicable to the sale of said products.

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

D. Misrepresenting, in any manner, the earnings or profits of purchasers of respondents' chinchilla breeding stock.

E. 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 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

SPENCER GIFTS, INC.

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

Docket C-1694. Complaint, Feb. 24, 1970—Decision, Feb. 24, 1970

Consent order requiring an Atlantic City, N.J., mail-order merchandiser to cease advertising and offering for sale any non-prescription ready-made spectacles unless it discloses that such products are for limited use by persons who do not have astigmatism or some disease of the eye.

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 Spencer Gifts, Inc., 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 Spencer Gifts, Inc., is a corporation duly organized, existing and doing business under and by virtue of the laws of the State of New Jersey, with its principal office and place of business located at 1601 Albany Avenue Boulevard, Atlantic City, New Jersey.

PAR. 2. Respondent is now, and for some time last past has been, engaged in the advertising, offering for sale, sale and distribution of optical products which come within the definition of device, as the term "device" is defined in the Federal Trade Commission Act.

PAR. 3. In the course and conduct of its business as aforesaid, respondent has caused and does now cause said optical products when sold, to be shipped from its place of business in the State of New Jersey to purchasers thereof located in various other States of the United States, and in 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 business as aforesaid, respondent has disseminated and caused the dissemination of certain advertisements concerning said optical products by the United States Mails and by various means in commerce, as "commerce" is defined in the Federal Trade Commission Act, including advertisements appearing in mail order catalogues. Said advertisements, which relate to non-prescription magnifying spectacles, fail to disclose that the correction of defects in vision by such products is limited to persons approximately 40 years of age and older who do not have astigmatism or diseases of the eye and who require only simple magnifying or reducing lenses. Therefore, said advertisements were and are misleading in material respects and constituted, and now constitute, "false advertisements" as that term is defined in the Federal Trade Commission Act.

PAR. 5. The dissemination by the respondent of the false advertisements, as aforesaid, constituted, and now constitutes, unfair and deceptive acts and practices, in commerce, in violation of Sections 5 and 12 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 counsed 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 has 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, Spencer Gifts, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New Jersey, with its office and principal place of business located at 1601 Albany Avenue Boulevard, Atlantic City, New Jersey.

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, Spencer Gifts, Inc., a corporation, and its officers, and respondent's representatives, agents and employees, directly or through any corporate or other device, in connection with the offering for sale or sale or distribution of nonprescription

magnifying spectacles or any other optical products do forthwith cease and desist from, directly or indirectly:

1. Disseminating or causing the dissemination of any advertisement by means of the United States mails or by any means in commerce, as "commerce" is defined in the Federal Trade Commission Act, which

(a) represents that any non-prescription magnifying spectacles or ready-made spectacles offered for sale will correct, or are capable of correcting, defects in vision of persons, unless it is clearly and conspicuously disclosed in immediate conjunction with such representation that the correction of defects in vision by such products is limited to persons approximately forty years of age and older who do not have astigmatism or diseases of the eye and who require only simple magnifying or reducing lenses;

(b) misrepresents in any manner, the construction, design, type, quality, durability or efficacy of any optical products, or the extent of vision improvement that may be reasonably expected by the use of any optical products.

2. Disseminating or causing the dissemination of any advertisement by any means for the purpose of inducing, or which is likely to induce, directly or indirectly, the purchase of respondent's optical products in commerce as "commerce" is defined in the Federal Trade Commission Act, which fails to contain the affirmative disclosures required, or which contains any of the misrepresentations prohibited, in Paragraph 1 hereof.

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

It is further ordered, That respondent shall 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 effect 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.

Complaint

IN THE MATTER OF

LEVITT-PARRAS, 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–1695. Complaint, Feb. 24, 1970—Decision, Feb. 24, 1970

Consent 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 Levitt-Parras, Inc., a corporation, and Samuel Levitt and Charles Parras, 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 Levitt-Parras, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

Respondents Samuel Levitt and Charles Parras 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 of fur products with their office and principal place of business located at 350 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 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 artifically 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 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 artifically colored when such was the fact.

PAR. 5. 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 guarantied 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. 6. 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 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 records 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, Levitt-Parras, 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 350 Seventh Avenue, New York, New York.

Respondents Samuel Levitt and Charles Parras are officers of the 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 Levitt-Parras, Inc., a corporation, and its officers, and Samuel Levitt and Charles Parras, 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:

1. Misbranding any fur product by 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.

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 respondents Levitt-Parras, Inc., a corporation, and its officers, and Samuel Levitt and Charles Parras, 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 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 corporate respondent 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.

Complaint

IN THE MATTER OF

TIPPY TOGS OF MIAMI, INC., ET AL.

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

Docket C-1696. Complaint, Feb. 24, 1970—Decision, Feb. 24, 1970

Consent order requiring a Miami, Fla., manufacturer of children's clothing to cease misbranding its textile fiber products and failing to maintain required records.

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 Tippy Togs of Miami, Inc., a corporation, and Norman Reinhard, 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 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 Tippy Togs of Miami, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Florida.

Respondent Norman Reinhard is the principal officer of said corporation. He formulates, directs and controls the acts, practices and policies of said corporate respondent.

Respondents are engaged in the manufacture and sale of children's apparel. The office and principal place of business is located at 2400 NW. Fifth Avenue, Miami, Florida. 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 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 textile fiber products were misbranded by 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 and deceptively stamped, tagged, labeled, invoiced, advertised, or otherwise identified as to the name or amounts of the constituent fibers contained therein.

Among such misbranded textile fiber products, but not limited thereto, were garments with dual labels showing conflicting amounts of constituent fibers therein.

PAR. 4. Certain of the textile fiber products were misbranded by the respondents 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 products were garments with labels which failed:

1. To disclose the true generic names of the fibers present; and
2. To disclose the true percentages of such fibers.

PAR. 5. 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 in the following respects:

1. Non-required information was set forth on labels in such a manner as to interfere with, minimize, detract from and conflict with the required information and in such a way as to be false and deceptive as to the fiber content in violation of Rule 16(c) of the aforementioned Rules and Regulations.

2. The 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 textile fiber products containing two or more sections, in violation of Rule 25(b) of the aforesaid Rules and Regulations.

PAR. 6. Respondents have failed to maintain and preserve 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 Regulations promulgated thereunder.

PAR. 7. The acts and practices of the 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.

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 Tippy Togs of Miami, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Florida.

Respondent Norman Reinhard is the principal officer of said corporation. He formulates, directs and controls the acts, practices and policies of said corporate respondent.

Respondents are engaged in the manufacture and sale of children's apparel.

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 Tippy Togs of Miami, Inc., a corporation, and its officers, and Norman Reinhard, 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, 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 textile fiber 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. Setting forth on the label or elsewhere on the product non-required information so as to interfere with, minimize, detract from, or conflict with the required information or to be false or deceptive as to fiber content.

4. Failing to make a disclosure on the required label on or affixed to textile fiber products composed of two or more sections of different fiber composition, in such a manner as

to show the fiber composition of each section in all instances where such disclosure is necessary to avoid deception.

B. Failing to maintain and preserve for at least three years proper records showing the 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 promulgated thereunder.

It is further ordered, That respondents notify the Commission at least thirty (30) days prior thereto of 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

BELK-HUDSON CO., INC., ET AL.

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

Docket C-1697. Complaint, Feb. 24, 1970—Decision, Feb. 24, 1970

Consent order requiring a Gadsden, Ala., retail store to cease misbranding and falsely invoicing its fur products, and falsely advertising its fur and textile fiber products.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, the Fur Products Labeling 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 Belk-Hudson Co., Inc., a corporation, and Yates C. Dellinger, 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 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 Belk-Hudson Co., Inc., is a corporation, organized, existing and doing business under and by virtue of the laws of the State of Alabama.

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

Respondents retail various commodities including fur products and textile fiber products with their office and principal place of business located at 501 Broad Street, Gadsden, Alabama.

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, 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 show the true animal name of the animal or animals which produced the fur used in such fur products.

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

(a) The term "natural" was not used on labels to describe fur products which were not pointed, bleached, dyed, tip-dyed, or otherwise artificially colored, in violation of Rule 19(g) of said Rules and Regulations.

(b) Information required under Section 4(2) of the Fur Products Labeling Act and the Rules and Regulations promulgated thereun-

der was not set forth in the required sequence, in violation of Rule 30 of said Rules and Regulations.

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 show the true animal name of the animal or animals which produced the fur used in such fur products.

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

(a) The term "natural" was not used on invoices to describe fur products which were not pointed, bleached, dyed, tip-dyed or otherwise artificially colored, in violation of Rule 19(g) of said Rules and Regulations.

(b) Required item numbers were not set forth on invoices, in violation of Rule 40 of said Rules and Regulation.

PAR. 7. Certain of said fur products were falsely and deceptively advertised in violation of the Fur Products Labeling Act in that certain advertisements intended to aid, promote and assist, directly or indirectly, in the sale and offering for sale of such fur products were not in accordance with the provisions of Section 5(a) of the said Act.

Among and included in the aforesaid advertisements but not limited thereto, were advertisements of respondents which appeared in issues of The Gadsden Times, a newspaper published in the city of Gadsden, State of Alabama and having a wide circulation in Alabama and in other States of the United States.

Among such false and deceptive advertisements, but not limited thereto, were advertisements which failed:

1. To show the true animal name of the animal or animals which produced the fur used in such fur products.

2. To show that the fur contained in the fur products was bleached, dyed, or otherwise artificially colored, when such was the fact.

3. To show the country of origin of imported furs contained in fur products.

PAR. 8. By means of the aforesaid advertisements and others of similar import and meaning not specifically referred to herein, re-

spondents falsely and deceptively advertised fur products in violation of the Fur Products Labeling Act in that the said fur products were not advertised in accordance with the Rules and Regulations promulgated thereunder in the following respects:

(a) The term "Dyed Broadtail-processed Lamb" was not set forth in the manner required, in violation of Rule 10 of the said Rules and Regulations.

(b) The term "natural" was not used to describe fur products which were not pointed, bleached, dyed, tip-dyed, or otherwise artificially colored, in violation of Rule 19(g) of the said Rules and Regulations.

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 fur products in that certain of said fur products were falsely or deceptively identified with respect to the name or designation of the animal or animals that produced the fur from which the said fur products had been manufactured, in violation of Section 5(a)(5) of the Fur Products Labeling Act.

Among such falsely and deceptively advertised fur products, but not limited thereto, were fur products advertised as "Broadtail" thereby implying that the furs contained therein were entitled to the designation "Broadtail Lamb" when in truth and in fact the furs contained therein were not entitled to such designation.

PAR. 10. By means of the aforesaid advertisements and other advertisements of similar import and meaning not specifically referred to herein, respondents falsely and deceptively advertised fur products, in violation of Section 5(a)(5) of the Fur Products Labeling Act and Rule 44 of the Rules and Regulations promulgated thereunder by representing, directly or by implication, that the prices of such fur products were reduced from respondents former prices and the amount of such purported reductions constituted savings to purchasers of respondents fur products. In truth and in fact, the alleged former prices were fictitious in that they were not actual, bona fide prices at which respondents offered the products to the public on a regular basis for a reasonable substantial period of time in the recent regular course of business and the said fur products were not reduced in prices as represented and savings were not afforded purchasers of the respondents said fur products, as represented.

PAR. 11. In advertising fur products for sale as aforesaid, respondents represented through such statement as "save up to 40%" that prices of fur products were reduced in direct proportion to the

percentages stated and that the amount of said reduction afforded savings to the purchasers of respondents products when in fact such prices were not reduced in direct proportion to the percentages stated and the represented savings were not thereby afforded to the said purchasers, in violation of Section 5(a)(5) of the Fur Products Labeling Act.

PAR. 12. In advertising fur products for sale, as aforesaid, respondents made pricing claims and representations of the types covered by subsections (a), (b), (c) and (d) of Rule 44 of the Regulations under the Fur Products Labeling Act. Respondents in making such claims and representations failed to maintain full and adequate records disclosing the facts upon which such claims and representations were based, in violation of Rule 44(e) of said Rules and Regulations.

PAR. 13. 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.

PAR. 14. Respondents are now and for some time last past have 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 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. 15. 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 in 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

textile fiber products which were falsely and deceptively advertised in The Gadsden Times, a newspaper published in the city of Gadsden, State of Alabama, and having a wide circulation in Alabama and various other States of the United States, in that the true generic names of the fibers present in such products were not set forth.

PAR. 16. 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 thereunder in the following respects:

(a) Fiber trademarks were used in advertising textile fiber products without a 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 advertisements, 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 the required fiber content information in immediate proximity and conjunction with the generic names of the fibers to which they related in plainly legible type or lettering of equal size and conspicuousness, in violation of Rule 41(b) of the aforesaid Rules and Regulations.

(c) A fiber trademark was used in advertising a textile fiber product containing only one fiber and such fiber trademark did not appear at least once in the said advertisement in immediate proximity and conjunction with the generic name of the fiber to which it related in plainly legible and conspicuous type or lettering, in violation of Rule 41(c) of the aforesaid Rules and Regulations.

PAR. 17. The acts and practices of the respondents as set forth in Paragraphs Fifteen and Sixteen 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 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, the Fur Products Labeling Act and the Textile Fiber Products Identification Act.

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 Belk-Hudson Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Alabama with its office and principal place of business located at 501 Broad Street, Gadsden, Alabama.

Respondent Yates C. Dellinger is an officer of said corporation. He formulates, directs and controls the policies, acts and practices of the said corporate respondent and his address is the same as that 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 respondents Belk-Hudson Co., Inc., a corporation, and its officers, and Yates C. Dellinger, individually and as an officer of said corporation, and respondents' respresentatives, agents and employees, directly or through any corporate or other device, in connection with the introduction, into commerce, or the sale, advertising or offering for sale in commerce, or the transportation or distribution in commerce of any fur product; or in connection with the sale, advertising, offering for sale, transportation or distribution, of

any fur product which is made in whole or in part of fur which has been shipped and received in commerce, as 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. 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.

2. Failing to set forth the term "natural" as part of the information required to be disclosed on a label under the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder to describe such fur product which is not pointed, bleached, dyed, tip-dyed, or otherwise artificially colored.

3. Failing to set forth information required under Section 4(2) of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder on a label in the sequence required by Rule 30 of the aforesaid Rules and Regulations.

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. Failing to set forth the term "natural" as part of the information required to be disclosed on an invoice under the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder to describe such fur products which is not pointed, bleached, dyed, tip-dyed, or otherwise artificially colored.

3. Failing to set forth on an invoice the item number or mark assigned to such fur product.

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

1. Fails to set forth in words and figures plainly legible all the information required to be disclosed by each of the

subsections of Section 5(a) of the Fur Products Labeling Act.

2. Falsely or deceptively identifies such fur product as to the name or designation of the animal or animals that produced the fur contained in the fur product.

3. Fails to set forth the term "Dyed Broadtail-processed Lamb" in the manner required where an election is made to use that term instead of the words "Dyed Lamb."

4. Fails to set forth the term "natural" as part of the information required to be disclosed in advertisements under the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder to describe such fur product which is not pointed, bleached, dyed, tip-dyed, or otherwise artificially colored.

5. Represents, directly or by implication, that any price, whether accompanied or not by descriptive terminology is the respondents' former price of such fur product when such price is in excess of the price at which such fur product has been sold or offered for sale in good faith by the respondents on a regular basis for a reasonably substantial period of time in the recent regular course of business, or otherwise misrepresents the price at which any such fur product has been sold or offered for sale by respondents.

6. Falsely or deceptively represents that savings are afforded to the purchaser of any such fur product or misrepresents in any manner the amount of savings afforded to the purchaser of such fur product.

7. Falsely or deceptively represents that the price of any such fur product is reduced.

8. Misrepresents directly or by implication through percentage savings claims that the price of any such fur product is reduced to afford the purchaser of such fur product the percentage of savings stated.

D. Failing to maintain full and adequate records disclosing the facts upon which pricing claims and representations of the types described in subsections (a), (b), (c) and (d) of Rule 44 of the Rules and Regulations promulgated under the Fur Products Labeling Act, are based.

It is further ordered, That respondents Belk-Hudson Co., Inc., a corporation, and its officers, and Yates C. Dellinger, 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, delivery 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 falsely or deceptively advertising any textile fiber product by:

1. Making any respresentation, by disclosure or by implication, as to the 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 a textile fiber product need not be stated.

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

3. Using a fiber trademark in advertising such textile fiber product containing more than one fiber without such fiber trademark appearing on 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 such textile fiber product containing only one fiber without such fiber trademark appearing at least once in the said advertisement, in immediate proximity and conjunction with the generic name of the fiber and in plainly legibile and conspicuous type or lettering.

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

J & L KESSLER, INC.

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

Docket C-1698. Complaint, Feb. 24, 1970—Decision, Feb. 24, 1970

Consent 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 J & L Kessler, Inc., a corporation, 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 J & L Kessler, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

Respondent is a manufacturer of fur products with his office and principal place of business located at 242 West 30th Street, New York, New York.

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, 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 without labels required by the said Act.

PAR. 4. Certain of said fur products were misbranded in violation of Rules 8, 19(g), 29(b) and 40 of the Rules and Regulations promulgated under the Fur Products Labeling Act.

PAR. 5. Certain of said 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 fur products, but not limited thereto, were fur products covered by invoices which failed:

1. To show the true animal name of the animal or animals which produced the fur used in such fur products.

2. 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 with respect to the name or designation of the animal or animals that produced the fur from which the said fur products had been manufactured, in violation of Section 5(b)(2) of the Fur Products Labeling Act.

Among such falsely and deceptively invoiced fur products, but not limited thereto, were fur products which were invoiced as "chinchilete" when, in fact, the fur contained in such products was "rabbit."

PAR. 7. Certain of said fur products were falsely and deceptively invoiced in violation of Rules 4, 8, 19(g) and 40 of the Rules and Regulations promulgated under the Fur Products Labeling Act.

PAR. 8. Respondent furnished false guaranties under Section 10(b) of the Fur Products Labeling Act with respect to certain of its fur products by falsely representing in writing that respondent had a

continuing guaranty on file with the Federal Trade Commission when respondent in furnishing such guaranties had reason to believe that the fur products so falsely guarantied 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. 9. 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 records 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 J & L Kessler, 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 242 West 30th Street, 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 J & L Kessler, Inc., a corporation, and its officers, 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, 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 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 and in accordance with the requirements of Rules 8, 19(g), 29(b) and 40 of the Rules and Regulations promulgated under the said 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 and in accordance with the requirements of Rules 4, 8, 19(g) and 40 of the Rules and Regulations promulgated under the said Act.

It is further ordered, That respondent J & L Kessler, Inc., a corporation, and its officers, and respondent's 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 respondent has reason to believe that such fur product may be introduced, sold, transported, or distributed in commerce.

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.

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 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

SUBURBAN PROPANE GAS CORPORATION

ORDER, OPINION, ETC., IN REGARD TO THE ALLEGED VIOLATION OF SEC. 2(f) OF THE CLAYTON ACT

Docket 8672. Complaint, Nov. 26, 1965—Decision, Feb. 26, 1970

Order withdrawing the complaint and terminating the proceeding which charged a Whippany, New Jersey, retailer of liquefied petroleum gas with knowingly inducing and receiving discriminatory prices from its suppliers on the grounds that the hearing examiner had recently died and that market conditions in the industry have materially changed since the issuance of the complaint.

COMPLAINT

The Federal Trade Commission having reason to believe that the party respondent named in the caption hereof, and more particularly designated and described hereinafter, has violated and is now violating the provisions of subsection (f) of Section 2 of the Clayton Act, as amended by the Robinson-Patman Act (U.S.C., Title 15, Section 13), hereby issues its complaint stating its charges with respect thereto as follows:

PARAGRAPH 1. Respondent Suburban Propane Gas Corporation (sometimes referred to hereinafter as Suburban) is a corporation organized and existing under the laws of the State of New Jersey, with its principal office and place of business located at Whippany, New Jersey.

PAR. 2. Respondent Suburban, among other things, is engaged in

the business of buying liquefied petroleum gas from producers and from producers' brokers for resale to commercial, residential and industrial consumers, directly as well as through said respondent's own dealers. Respondent Suburban is the largest independent company in the world engaged in the business of selling liquefied petroleum gas at retail to consumers, and its total sales of such gas during the year 1962 exceeded $40,000,000.

PAR. 3. Respondent Suburban has purchased and now purchases liquefied petroleum gas in substantial quantities in commerce, as "commerce" is defined in the Clayton Act, as amended, in that said respondent causes the liquefied petroleum gas purchased by it to be shipped and transported between and among the several States of the United States and the District of Columbia, from the respective State or States of origin to many other States and the District of Columbia where respondent maintains outlets through which it resells the liquefied petroleum gas so purchased and delivered. Respondent Suburban is therefore engaged in commerce, as "commerce" is defined in the Clayton Act, as amended. In the course of the aforesaid purchase and resale of liquefied petroleum gas, respondent Suburban has been and is now engaged in substantial competition with numerous smaller independent corporations, partnerships and individuals in many States of the United States and in the District of Columbia, except insofar as such competition has already been impaired or destroyed by the practices alleged herein.

PAR. 4. In the course of its purchases of liquefied petroleum gas in commerce, respondent Suburban has solicited and knowingly induced its suppliers to sell to it at prices substantially lower than their regular posted prices, posted prices constituting the generally prevailing current market prices of liquefied petroleum gas. Respondent has sometimes refused to purchase liquefied petroleum gas from suppliers which refused to accede to its demands of prices substantially below the prices at which liquefied petroleum gas of like grade and quality is sold to other purchasers thereof, including competitors of said respondent. The effect of such inducement and receipt, or receipt, by respondent of such discriminations in price has been and may be substantially to lessen, injure, destroy, or prevent competition with respondent in the resale of liquefied petroleum gas. Respondent knew, or should have known, that such price discriminations have constituted and now constitute violations of subsection (a) of Section 2 of the Clayton Act, as amended.

PAR. 5. The practices alleged herein began when respondent Suburban was first organized, and have continued to the present time. As an example of the practices alleged herein, during the years from 1957 through 1963, respondent Suburban induced Phillips Petroleum Company, one of its principal suppliers, to contract to sell liquefied petroleum gas to it at said supplier's regular prices minus specified discounts which ranged from one-half cent per gallon in 1957 and 1958 up to one cent per gallon in 1962 and 1963. Pursuant to such contracts, respondent purchased from fifty millon gallons to more than eighty million gallons of liquefied petroleum gas per year from Phillips Petroleum Company and received, in connection therewith, discounts from that supplier's current market prices aggregating several hundred thousand dollars per year. Respondent knew, or should have known, that Phillips Petroleum Company, at the same time, was selling liquefied petroleum gas of like grade and quality to many of respondent's competitors at said supplier's regular posted prices, and that the effect of such discriminations in price has been and may be substantially to lessen, injure, destroy, or prevent competition between respondent and other customers of said supplier in the resale and distribution of liquefied petroleum gas.

PAR. 6. The acts and practices of respondent Suburban, as alleged above, are in violation of the provisions of subsection (f) of Section 2 of the Clayton Act, as amended.

CONCURRING STATEMENT

FEBRUARY 26, 1970

BY JONES and DIXON, *Commissioners:*

I concur in the Commission's order withdrawing the complaint. Because my reasoning differs somewhat from the majority's, I feel it necessary to write this separate statement.

The complaint in this matter, filed on November 26, 1965, challenge as illegal Suburban Propane's alleged inducement of discriminatory prices for its purchases of liquid propane gas (LPG) from Phillips Petroleum Company which "brokered" the fuel from other producers in the area. The alleged discriminatory prices were embodied in a 20-year contract entered into in 1945 by Phillips with Suburban at the time Suburban purchased its LPG distribution facilities in the New England market from Phillips.

Ten years ago, at about the time this Suburban-Phillips contract was entered into, a "buyer's" market existed in LPG. General

demand for the product was sufficiently weak relative to production and capacity that only a few producers found it worthwhile to devote resources to producing it on any significant scale for commercial distribution. Often, for lack of markets or storage capacity, it was simply burned off.

In recent years, however, there are indications that the "soft" market conditions for LPG have changed. The general potentiality for pressure on sellers to find markets has been substantially reduced by rapidly expanding demand for the product as new commercial applications have been and are being found. There has also been a notable change in production and supply conditions in the industry. While Phillips itself, the "induced" company has largely left the market, there are now at least ten refiners able to produce LPG for the New England market and which are themselves vertically integrated at least to some extent into LPG marketing at wholesale or retail or both. There are at least six independent marketers who serve one or more parts of the New England market. Moreover, new methods of LPG transport have emerged and storage facilities have been significantly increased. Long-term contracts of the sort that Suburban entered into with Phillips have ceased to be significant in this industry.[1]

Under such circumstances, an order against Suburban to cease and desist from inducing discriminations from large and powerful suppliers who appear to have plenty of potential alternative marketing sources, including their own distribution system, would in my judgment, serve little competitive purpose.[2]

The Robinson-Patman Act was designed to deal with those price discriminations which have a clear anti-competitive effect upon the structure, behavior, and competitive performance of the market by intimidating viable actual and potential competitors. Suburban operates in a commodity line which today is sufficiently competitive that it has even been subject to organized futures trading as a hedge against undue price fluctuation. It faces competition from other purchasing firms—independents, large chemical companies, and refiners capable of using their vertical integration capacity to put a cost squeeze on independent wholesalers and retailers like Suburban. It is hard to see in these circumstances how Suburban could ever obtain

[1] Fortune, *Plant and Product Directory,* 1966; National Petroleum News, *Factbook Issue,* 1968.

[2] It is indicated also that the long-term contract with Phillips has been dissolved, and that Phillips no longer supplies the New England market in any competitively significant quantity.

discriminatory concessions which would injure the competitive viability of LPG production marketing.

Accordingly, I would have dismissed this complaint on the sole basis that market conditions have so changed in this industry that any order entered in this case would be a vain act. Since the public interest no longer requires or justifies an order, I would dismiss the complaint.

ORDER WITHDRAWING COMPLAINT

This matter is before the Commission on the motion of the respondent, Suburban Propane Gas Corporation, to withdraw this matter from adjudication and for a nonadjudicative disposition of it. The immediate principal basis for that motion is the recent death of the hearing examiner which the respondent suggests justifies nonadjudicative final disposition of this case at this time.

Moreover, the proceeding under the complaint herein was commenced on November 26, 1965. In the meantime, the matter was shuttled back and forth between the Commission and the hearing examiner on first one appeal or motion after another. These procedural matters have materially precluded expeditious disposition of the issues on the merit. The recent death of the hearing examiner and the pending motion, above mentioned, provide prospects for further delay in a determination of the issues on the merit. In view of all these circumstances, it is the conclusion of the Commission that procedural difficulties now present would preclude any timely resolution of the issues under the outstanding complaint. Therefore,

It is ordered, That the complaint herein be, and the same hereby is, withdrawn and the proceeding thereunder terminated.

By the Commission, with Commissioner Elman concurring in the result.

IN THE MATTER OF

GEON INTERCONTINENTAL CORPORATION, ET AL.

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

Docket C-1623. Complaint, Nov. 12, 1969—Decision, Feb. 26, 1970

Modified order incorporated into original cease and desist order of November 12, 1969. For cease and desist order see 76 F.T.C. 595.