

IN THE MATTER OF

SAMUEL BOOTH

COMPLAINT (SYNOPSIS), FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914

Docket 1483. Complaint, Oct. 15, 1927—Decision, June 30, 1928

Where an individual engaged in the sale of bedspreads containing no silk, at prices substantially in excess of prevailing prices for comparable articles, and knitted goods containing not more than 35 per cent wool, and neither owning, controlling, operating nor interested in any mill or factory;

- (a) Designated said bedspreads as the "Famous Diana Silk Spread", "Diana Rayon Silk Spread", "Our Beautiful Silk Spread", and "Genuine Diana Silk Spread" and represented the same as silk, in his advertisements thereof and through agents, and as sold at wholesale prices;
- (b) Represented certain patterns of his said knitted goods as consisting of 100 per cent pure worsted, or 100 per cent pure wool worsted, or silk interwoven into pure worsted; and
- (c) Used a trade name including the words "knitting mills" in the sale of the aforesaid knitted goods, and represented said supposed mills as the largest knitting mills in the world selling knitted outer wear direct to the wearer;

With the capacity and tendency to mislead and deceive a substantial portion of the purchasing public into purchasing the aforesaid products in reliance upon the truth of such representations as to the composition and prices thereof, and into believing that in purchasing said knitted wear from him, the purchasers acquired the same direct from the manufacturer, enabling them to retain or save an amount equivalent to profits ordinarily derived by the middlemen, and thereby divert trade to himself from competitors who truthfully described their products or represented the prices thereof;

Held, That such practices, under the circumstances set forth, constituted unfair methods of competition.

Mr. James M. Brinson for the Commission.

SYNOPSIS OF COMPLAINT

Reciting its action in the public interest, pursuant to the provisions of the Federal Trade Commission Act, the Commission charged respondent individual, engaged at Chicago under the name Household Supply Co., in the advertisement and sale of bedspreads, and, under the name Crawford Knitting Mills, of knitted goods, with misrepresenting product and advertising falsely or misleadingly, in violation of the provisions of section 5 of such act, prohibiting the use of unfair methods of competition in interstate commerce.

Respondent, as charged, engaged as above set forth, and neither owning, controlling, operating nor interested in any mill or factory, nor making the knitted wear advertised and sold by him as above set forth, but purchasing the various articles which he advertised and sold, in their manufactured state, falsely represented the products dealt in, through agents, pamphlets, leaflets, circulars and circular letters, and advertisements in newspapers, trade papers, and periodicals of general circulation in the United States, said false representations including among others, the following:

Bedspreads containing no silk and sold at prices in substantial excess of the prevailing retail prices for such bedspreads or others of similar grade or quality, as "The Famous Diana Silk Spread", "Diana Rayon Silk Spreads", "Our Beautiful Silk Spread" and "Genuine Diana Silk Spread", and as offered and sold at wholesale prices;

Certain patterns of his knitted goods as consisting of 100 per cent pure worsted, others as 100 per cent pure long service wool worsted, and still others as of silk interwoven in pure worsted, when, as a matter of fact none of said knitted goods contained any silk nor more than 35 per cent of wool;

That the knitted goods offered and sold by him under the trade name Crawford Knitting Mills, are manufactured by the Crawford Knitting Mills, the largest knitting mills in the world selling knitted outerwear direct to the wearer, said Crawford Knitting Mills, as a matter of fact existing only as a trade name.

Each of said false representations, as alleged, and the use by respondent of said trade name Crawford Knitting Mills, have had and have the capacity and tendency to mislead and deceive a substantial portion of the purchasing public into buying said various articles in reliance upon the truth of such representations and in the belief that respondent owns or operates the mill or mills making said knitted wear and that in buying from or dealing with said Crawford Knitting Mills, the purchasers acquired respondent's wear directly from the manufacturer, thereby enabling such purchasers to retain or save an amount equivalent to profits ordinarily derived by the middleman; all to the prejudice of the public and of respondent's competitors, including those engaged in the sale of bedspreads and knitted wear directly to the consumers in the various States, and correctly and truthfully describing their said products, their origin or source and the quality and price thereof.

Upon the foregoing complaint, the Commission made the following

REPORT, FINDINGS AS TO THE FACTS, AND ORDER

Pursuant to the provisions of an act of Congress approved September 26, 1914, entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes", the Federal Trade Commission issued and served a complaint, containing a copy of the rules of practice adopted by the Commission with respect to answer or failure to answer, upon Samuel Booth, trading as the Household Supply Co. and Crawford Knitting Mills, hereinafter called respondent, charging him with the use of unfair methods of competition in commerce in violation of the provisions of said act.

Respondent Samuel Booth, having entered appearance and filed his answer, wherein he neither specifically or otherwise denies the allegations of the complaint, nor alleges any defense thereto, and the chief counsel of the Federal Trade Commission having moved that the allegations of the complaint be taken as admitted and as true, that findings of fact be made in accordance with said allegations, and that an order to cease and desist based on said findings be made, and a copy of such motion having been duly served upon respondent, Samuel Booth, with notice that it would be heard at 2 p. m. on June 11, 1928, at the office of the Federal Trade Commission in Washington, D. C., at which time and place he might attend, if he so desired, and show cause why the said motion should not be granted and the findings and order made as therein moved, and thereupon this matter having come on regularly for decision and respondent Samuel Booth having failed to attend and then and there, or at all, to show cause why such order should not issue against him, and the Commission having duly considered the record and being fully advised in the premises now makes this its report in writing and states its findings as to the facts as follows, to wit:

FINDINGS AS TO THE FACTS

PARAGRAPH 1. The respondent Samuel Booth is now, and for more than one year last past has been a resident of the city of Chicago, State of Illinois, engaged under the trade name of Household Supply Co. in advertising and selling bedspreads, and under the trade name of Crawford Knitting Mills in advertising and selling knitted goods, and caused said bedspreads and knitted goods to be transported to the purchasers thereof from Chicago, Ill., through and into other States of the United States and carried on such business in direct active competition with other persons, partnerships and corporations similarly engaged.

PAR. 2. As an inducement to purchase his said bedspreads and knitted wear, it has been for more than one year last past and is the practice of respondent, in the course and conduct of his business, falsely to represent to purchasers and prospective purchasers through agents, pamphlets, leaflets, circulars, circular letters, and advertisements in newspapers, trade papers, and periodicals of general circulation in the United States the following, among other things, to wit:

That said bedspreads which he has described as the "Famous Diana Silk Spread", "Diana Rayon Silk Spread", "Our Beautiful Silk Spread", and "Genuine Diana Silk Spread" consist of silk and that they have been and are offered for sale and sold at wholesale prices; that certain patterns of his said knitted goods consist of 100 per cent pure worsted, others 100 per cent pure wool worsted and still others of silk interwoven in pure worsted; and that the knitted goods offered for sale and sold by him under and by his trade name of Crawford Knitting Mills were manufactured by Crawford Knitting Mills which were the largest knitting mills in the world selling knitted outer wear direct to the wearer.

The said bedspreads of respondent were not and have not been offered for sale or sold by him at wholesale prices, but in fact have been and are sold by respondent at prices in substantial excess of the usual and prevailing price therefor, or for other bedspreads of similar grade or quality, and neither the bedspreads nor the knitted goods sold or offered for sale by respondent has contained or contains any silk whatever, and the knitted wear has at no time contained more than 35 per cent of wool.

The respondent has at no time heretofore owned, controlled, operated, or had any interest in or connection with any mill or other factory, and none of the knitted wear advertised and sold by him under the trade name of Crawford Knitting Mills has been, was, or is being manufactured by him or by the so-called Crawford Knitting Mills, which has existed only as a trade name. The bedspreads, knitted wear and each and every part of the line of products so advertised and offered by respondent for sale to the public have been, were, and are purchased by the respondent in the manufactured state and thereupon and thereafter offered for sale and sold by him in commerce among or between the various States of the United States.

PAR. 3. Each of the false representations specified in paragraph 2 hereof with regard to the silk content of the bedspreads and the woolen content of the knitted goods and the prices thereof has had and has the capacity and tendency to mislead and deceive a substan-

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tial portion of the purchasing public residing in the various States of the United States into the purchase of said bedspreads and knitted goods from respondent in reliance on the truth of such representations, and thereby to divert trade to respondent from competitors truthfully describing their products, or representing the prices thereof.

PAR. 4. The aforesaid use by respondent of his trade name Crawford Knitting Mills has had and has the capacity and tendency to mislead and deceive a substantial portion of the purchasing public into the erroneous belief that the respondent owns or operates a mill or mills in which knitted wear has been and is manufactured, and that in purchasing from or dealing with the Crawford Knitting Mills the purchasers acquire the knitted wear of respondent directly from the manufacturer, thereby enabling them to retain or save an amount equivalent to profits ordinarily derived by the middlemen.

PAR. 5. There are and for more than a year last past have been competitors of respondent selling bedspreads and knitted wear directly to the consumer, in commerce among the various States of the United States, who correctly and truthfully describe them, their origin or source, and the quality and price thereof.

CONCLUSION

The practices of respondent, Samuel Booth, under the conditions and circumstances described in the foregoing findings as to the facts are unfair methods of competition and constitute a violation of the act of Congress approved September 26, 1914, entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes".

ORDER TO CEASE AND DESIST

This proceeding having been duly heard upon the complaint of the Commission and the answer of respondent, and the Commission having made its report in writing stating its findings as to the facts and its conclusion that respondent Samuel Booth has been and is violating the provisions of the act of Congress approved September 26, 1914, entitled "An act to create a Federal Trade Commission, to define its powers, duties, and for other purposes",

It is now hereby ordered, That respondent, Samuel Booth, cease and desist from directly or indirectly—

(1) Carrying on the business of selling knitted goods or other commodities in interstate commerce under the trade name of Crawford Knitting Mills or any other name which includes the words

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"mill" or "mills," "factory" or "factories," unless or until said respondent actually owns, operates, or controls the mill or mills, factory or factories, in which are manufactured the knitted goods offered for sale or sold by him.

(2) Using on brands or labels, or in advertisements or in any other form or forms or written or printed matter used in connection with bedspreads or other articles offered for sale or sold in interstate commerce, the word "silk" or any modification thereof, or any word or words signifying or implying that the product consists of silk, (a) unless the bedspreads or other articles are composed entirely of silk derived from the cocoon of the silkworm, or (b) unless, where the bedspreads or other articles are made partly of silk the word "silk" is accompanied by a word or words aptly and truthfully describing the other material or materials of which such bedspreads or other articles are in part composed.

It is further ordered, That the respondent Samuel Booth shall, within 60 days after service upon him of a copy 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
**GREER COLLEGE OF AUTOMOTIVE ENGINEERING,
ERWIN GREER AND FREDERICK GREER**

COMPLAINT (SYNOPSIS), FINDINGS, AND ORDER IN REGARD TO THE ALLEGED
VIOLATION OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914

Docket 1505. Complaint, Mar. 22, 1928—Decision, June 30, 1928

Where a corporation engaged in the sale of a course of instruction in automotive engineering, under the active management and control of its president; in advertising a course falsely represented the regular price thereof, together with articles and accessories included therewith, as a special reduced price, extended for a certain limited time to prospective pupils, representing a substantially larger sum as its regular charge; with the capacity and tendency to mislead and deceive prospective pupils into believing that by reason of such supposed special price it offered the best available opportunity for the education represented, and an opportunity to secure such course at the supposedly lower price at a financial saving and advantage, and to cause pupils to take and pay for such course in preference to those of competitors who did not falsely represent their business: *Held*, That such misrepresentation, under the circumstances set forth, constituted an unfair method of competition.

Mr. William T. Kelly, assistant chief counsel, for the Commission.

SYNOPSIS OF COMPLAINT

Reciting its action in the public interest, pursuant to the provisions of the Federal Trade Commission Act, the Commission charged Greer College of Automotive Engineering, engaged at Chicago in conducting by correspondence a course in automotive engineering or in one or more of the various arts, sciences, professions, or trades included by it under said term, to wit, among others, automotive mechanics, electricity, battery trade, welding, salesmanship, and garage management, respondent Erwin Greer, its president and treasurer, and respondent Frederick Greer, its vice president, actively engaged in the management and control of its business activities, with advertising falsely or misleadingly, in violation of the provisions of section 5 of such act, prohibiting the use of unfair methods of competition in interstate commerce.¹

Respondent corporation, as charged, engaged as above set forth in furnishing to its various pupils written, printed, or mimeographed lessons, directions, or other matters, together with charts, drafts, dykes, encyclopedia and other articles, and things incidental to and in aid of the learning of said arts, etc., and the use and practice

¹ As alleged, respondent also conducts a resident school, but such part of its business is not concerned herein.