

Complaint

IN THE MATTER OF
CHARLES E. MORRISCOMPLAINT (SYNOPSIS), FINDINGS, AND ORDER IN REGARD TO THE ALLEGED
VIOLATION OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914*Docket 1702. Complaint, Oct. 12, 1929—Decision, Dec. 16, 1929*

Where an individual engaged in the sale of fur coats and other fur garments to the wearers thereof at prices considerably in excess of wholesale prices, and neither selling to any store nor owning, operating, or interested in any wholesale house or business, nor a manufacturing furrier or furrier of any sort, nor owning or operating any factory or factory showroom, represented orally and through letters and other trade literature to prospective customers throughout the United States, that his prices were "strictly wholesale prices" and that he was a "reliable wholesale fur house backed by responsibility and confidence", selling to stores "from coast to coast", and was a "wholesale manufacturing furrier"; with the capacity and tendency to cause many of the purchasing public to buy said individual's garments, and with the effect of so doing to the prejudice of the public and competitors:

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

Mr. Alfred M. Craven 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 in New York City in the sale of fur coats and other fur garments to wearers thereof throughout the United States, with misrepresenting business status and operations, orally and otherwise, and advertising falsely or misleadingly in regard thereto, 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, orally, and through letters and other trade literature mailed to prospective customers throughout the United States, falsely and misleadingly represents that the prices of his garments are "strictly wholesale prices" that he is a "reliable wholesale fur house backed by responsibility and confidence", sells from "coast to coast" and is a "wholesale manufacturing furrier" with a factory showroom, the facts being that his said prices are considerably in excess of wholesale prices, that he sells to no store and neither owns, operates, nor has any

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interest in any wholesale house or business, and is neither a manufacturing furrier nor furrier, and does not own or operate a factory or factory showroom; with the capacity and tendency to cause and with the effect of causing many of the purchasing public residing in various States to purchase garments sold by him in and on account of a belief in the truth of said representations; all to the prejudice of the public and of his competitors.

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 its complaint containing notice of hearing and a copy of the rules of practice adopted by the Commission with respect to failure to answer, against the respondent, Charles E. Morris, charging said respondent with the use of unfair methods of competition in interstate commerce in violation of the provisions of the said act.

Respondent having made no appearance herein, and the chief counsel of the Federal Trade Commission having moved that the allegations of the complaint be taken by the Commission as admitted, and that the Commission proceed to make this its findings of fact, and to issue a cease and desist order; and it appearing to the Commission that the said respondent was duly served with the complaint, together with notice of hearing and a copy of the rules of practice, adopted by the Commission, and that said respondent has failed to file any answer to the complaint within the time fixed by the rules of the Commission, or at all, and has failed to make any appearance whatever in this proceeding; and the Commission having duly considered the record and being fully advised in the premises, now makes this its report, stating its findings as to the fact and conclusion drawn therefrom.

FINDINGS AS TO THE FACTS

PARAGRAPH 1. Respondent, Charles E. Morris, is now and for several years last past, has been engaged at the city of New York, with his principal place of business at 830 Seventh Avenue, in said city, in the sale of fur coats and other fur garments to the wearers thereof, and the distribution thereof from his principal place of business in New York City, State of New York, to the purchasers thereof throughout the United States.

In the course and conduct of his said business respondent is and has been in competition with other individuals, partnerships, and corporations engaged in the manufacture and/or sale and transportation of fur garments and garments made of material other than fur, in interstate commerce between and among the various States of the United States.

PAR. 2. In the course and conduct of his said business, respondent orally and by means of letters and other trade literature, mailed to prospective customers throughout the United States, makes the following false and misleading statements and representations:

(a) That the prices at which the garments are sold by him are "strictly wholesale prices"; when in truth and in fact said prices are not wholesale prices but considerably in excess of wholesale prices.

(b) That respondent is a "reliable wholesale fur house backed by responsibility and confidence", and that respondent sells to stores from coast to coast; when in truth and in fact respondent does not sell to any store and does not own, operate, or have any interest in any wholesale house or business.

(c) That respondent is a "wholesale manufacturing furrier", and has a factory showroom; when in truth and in fact respondent is not a manufacturing furrier or furrier of any sort and does not own or operate a factory or factory showroom.

PAR. 3. Each of the aforesaid false and misleading representations made by respondent, mentioned in paragraph 2 hereof, has the capacity and tendency to cause, and has caused many of the purchasing public, residing in various States of the United States, to purchase the garments sold by respondent, in and on account of a belief in the truth of such representation.

CONCLUSION

The practices of the said respondent, under the conditions and circumstances described in the foregoing findings, are to the prejudice of the public and to the competitors of respondent, and are unfair methods of competition in commerce, in violation 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".

ORDER TO CEASE AND DESIST

This proceeding having been heard and considered by the Federal Trade Commission upon the record, and the Commission having made its findings as to the facts and its conclusion that the respondent

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has violated 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",

Now, therefore, it is ordered, That the respondent, Charles E. Morris, cease and desist—

(a) From in any manner representing that garments sold by him in interstate commerce are sold at wholesale prices, unless such prices be wholesale prices.

(b) From representing in any manner in interstate commerce that the business of respondent is that of a wholesale fur house, unless and until respondent shall be engaged in the business of a wholesaler.

(c) From representing in any manner in interstate commerce that respondent is a wholesale manufacturing furrier or a manufacturing furrier of any kind, unless and until respondent shall be engaged in the business of manufacturing furs and garments sold by him.

It is further ordered, That the respondent, Charles E. Morris, shall within 30 days after the 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 the order to cease and desist hereinbefore set forth.

Complaint

IN THE MATTER OF

GIBBONS KNITTING CO., FORMERLY GIBBONS
KNITTING MILLS, INC.

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

Docket 1434. Complaint, Dec. 10, 1926—Decision, Dec. 23, 1929

Where a corporation engaged in the sale of knitted garments at wholesale to retailers thereof in various States, and neither owning nor operating any knitting mill or factory manufacturing the garments dealt in by it, which it purchased from manufacturers thereof,

Featured successive corporate names, respectively including the words "knitting mills" and "knitting," on all garment labels, business stationery, literature, circulars, and other advertisements, including those in trade and other magazines circulating among the retail trade in the middle western and southwestern States:

With the capacity and tendency to mislead and deceive purchasers and prospective purchasers into believing it to be the manufacturer of the products sold them by it and the owner and operator of a knitting mill or manufacturing establishment making the same selling and distributing its said products directly from the manufacturer to the retailer and eliminating charges and profits of all middlemen, at a corresponding advantage and saving in price to said dealers, and to unfairly divert trade from competitors, and with the effect of so misleading and deceiving purchasers and prospective purchasers and of so diverting trade:

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

Mr. Everett F. Haycraft 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, a Missouri corporation engaged in the sale of knitted garments at wholesale to retailers in various States and with principal office and place of business in St. Louis, with using misleading corporate name and advertising falsely or misleadingly as to business status, 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, nor operating any mills, nor manufacturing the garments dealt in by it, but purchasing said garments from manufacturers thereof and reselling the same at a profit over and above their cost to it, for about five years last past has featured its afore-