

Complaint

IN THE MATTER OF
FRED P. WEISSMAN, INC.COMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION
OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914*Docket 3532. Complaint, Aug. 9, 1938—Decision, June 12, 1941*

Where a corporation engaged in competitive interstate sale and distribution of women's coats and other garments—

Caused to be attached to its products certain labels carrying legend "100 percent CAMEL'S HAIR," and thereby represented that such products were composed entirely of said hair, when said coats in fact contained only about 30 percent of camel's hair, preferred by substantial portion of purchasing public over those made of other fibers or materials, with remaining fibers consisting of wool and mohair in about equal proportions;

With effect of misleading and deceiving a substantial portion of the purchasing public with respect to the composition of said coats, and of inducing it, as a result of the erroneous belief so engendered, to purchase its products in preference to those of its competitors, and of thereby diverting trade unfairly to it from said competitors, many of whom do not misrepresent the constituent materials of their products:

Held, That such acts and practices, under the circumstances set forth, were all to the prejudice and injury of the public and competitors, and constituted unfair methods of competition in commerce and unfair and deceptive acts and practices therein.

Before *Mr. John J. Keenan*, *Mr. Miles J. Furnas*, and *Mr. Lewis C. Russell*, trial examiners.

Mr. John R. Phillips, Jr., for the Commission.

Mr. David Leavenworth, of New York City, for respondent.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by the said act, the Federal Trade Commission having reason to believe that Fred P. Weissman, Inc., a corporation, hereinafter referred to as respondent, has violated the provisions of the 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. Fred P. Weissman, Inc., is a corporation created by and existing under the laws of the State of New York, with its principal offices and place of business located at 270 West Thirty-Eighth Street, in the city of New York, State of New York.

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PAR. 2. Respondent is now, and for more than 4 years last past has been engaged in the business of distributing and selling a line of sport and dress coats and garments. Respondent causes said coats and garments when sold to be transported from its place of business in the State of New York to its customers located in other States of the United States and in the District of Columbia.

Respondent maintains, and at all times mentioned herein has maintained, a course of trade in said coats and garments sold and distributed by it in commerce between and among the various States of the United States and in the District of Columbia.

PAR. 3. In the course and conduct of its business respondent is in active and substantial competition with other corporations and with partnerships and individuals engaged in the sale and distribution of coats and garments in commerce between and among the various States of the United States and the District of Columbia.

PAR. 4. In the course and conduct of said business, and for the purpose of inducing the purchase of said coats and garments, respondent has made, by means of labels affixed and attached to its coats and garments, and by means of suggesting and assisting in the phrasing and wording of advertisements used by the retailers of said coats and garments, which are inserted in newspapers having a general interstate circulation, many representations concerning the character, quality, nature, fiber, and fabric of its coats and garments. Among said representations made by respondent are the following:

[Label]

"100% CAMEL'S HAIR"

[Label]

"SPORTLEIGH"
Reg.
"MASTER (Picture of Crown) CAMEL"

The above label depicts a crown between the words "Master" and "Camel."

[Label]

"CAMEL
(picture)
and Wool"

In the above label the word "Camel" is in large cap type letters and the words "and Wool" are in small letters, not caps. There is de-

picted between the word "Camel" and the words "and Wool" a pictorial representation of palm trees, pyramids, and a man leading a camel.

NEW HUNCHES ON THE GOOD OLD CAMEL—

Slip on a Coat—see how light it is! Roll it up in a ball—see how fluffy it is! We've mixed Camel's Hair with llama and wool in a mixture that is soft as baby's bunting. We've made it into good, roomy coats. What's more, we have lined them with Earl-Glo DeLuxe Rayon Satin Acetate—long wearing enough for all you college girls, business girls, chauffeuring-suburbanites and others who will live in them!

SLIP ONE ON—

See how light it is. That's because the fabric is a mixture of Camel's Hair with llama and wool (in about equal proportions) that gives ample warmth without an ounce of extra weight.

All of said statements, together with similar statements appearing on the labels affixed to respondent's coats and garments, and the aforesaid advertising matter, purport to be descriptive of the character, quality, nature, fiber, and fabric of respondent's coats and garments. By use of said labels affixed to its coats and garments, and of the aforesaid advertising matter, and through other means, the respondent, through the statements and representations herein set out, and other statements of similar import and effect, represents that its coats and garments are either in whole or in predominant part camel's hair, and that its coats and garments have the warmth, long-wearing qualities, and lightness in weight of genuine camel's hair coats and garments.

PAR. 5. The representations made by respondent with respect to the character, quality, nature, fiber, and fabric of its coats and garments, are grossly exaggerated, false, misleading, and untrue. In truth and in fact the coats and garments of respondent are not in whole or in predominant part of camel's hair, and do not have the warmth, long-wearing qualities, and lightness in weight of genuine camel's hair coats and garments.

The true fact is that respondent's coats and garments contain but approximately 20 percent genuine camel's hair.

The manufacturers, distributors, and sellers of fabrics and garments made therefrom have generally adopted and followed, and they now follow, the common practice and custom of truthfully disclosing the various fibers and materials out of which such fabrics and garments are made and, in the case of mixed goods, of disclosing each fiber present therein by naming each constituent fiber or materials in the order of its predominance by weight. This custom and practice on the part of said manufacturers, distributors, and sellers of fabrics and garments made therefrom is understood and relied upon by the

purchasing public to a considerable extent in its purchase of fabrics and garments.

Coats and garments made from camel's hair or camel's wool are generally believed by many retail dealers and members of the general purchasing public to be more desirable than garments made from any other material. Coats and garments made from genuine camel's hair or camel's wool are light in weight and are warm, and possess other qualities which make them more desirable than other similar garments not made from camel's hair or camel's wool. Consequently, there is a preference on the part of the purchasing public for purchasing garments that are in truth and in fact made up of camel's hair or camel's wool, or are made up in predominant part of camel's hair or camel's wool.

PAR. 6. There are, among respondent's competitors, many who manufacture, distribute, and sell coats and garments who do not in any way misrepresent the quality or character of their respective coats and garments.

PAR. 7. Each and all of the false and misleading statements and representations made by respondent in designating or describing its coats and garments, as hereinabove set-out, were and are calculated to, and have had and now have, a tendency and capacity to mislead and deceive a substantial portion of the purchasing public into the erroneous beliefs that all of said representations are true and that said coats and garments are made from fabrics composed wholly and entirely of camel's hair or are made from fabrics made up of camel's hair in predominant part together with other wool in less than a predominant part, and into the purchase of a substantial volume of respondent's coats and garments on account of said belief so induced, with the result that trade has been diverted unfairly to respondent from competitors likewise engaged in the business of distributing and selling coats and garments, who truthfully represent the quality and character of their respective coats and garments and the material or fabrics from which they are made. As a consequence thereof, injury has been done and is now being done by respondent to competition in commerce among and between the various States of the United States and in the District of Columbia.

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

REPORT, FINDINGS AS TO THE FACTS, AND ORDER

Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission, on August 9, 1938, issued, and subsequently served, its complaint in this proceeding, charging the respondent, Fred P. Weissman, Inc., a corporation, with the use of unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce in violation of the Federal Trade Commission Act. Respondent filed its answer to the complaint on August 26, 1938. Thereafter testimony and other evidence in support of the allegations of the complaint were introduced by John R. Phillips, Jr., attorney for the Commission, and in opposition thereto by David Leavenworth, attorney for the respondent, before trial examiners of the Commission theretofore duly designated by it, and the testimony and other evidence were duly recorded and filed in the office of the Commission. Thereafter the proceeding regularly came on for final hearing before the Commission on the complaint, the answer of the respondent, testimony and other evidence, the report of the trial examiners thereon and briefs of attorney for the Commission and attorney for the respondent, and the Commission having duly considered the matter and being now fully advised in the premises, finds that the proceeding is in the interest of the public and makes this its findings as to the facts and its conclusion drawn therefrom:

FINDINGS AS TO THE FACTS

PARAGRAPH 1. Respondent, Fred P. Weissman, Inc., is a corporation organized under the laws of the State of New York, with its principal place of business at 270 West Thirty-eighth Street, New York, N. Y. It is now and for more than 5 years last past has been engaged in the sale and distribution of women's coats and other garments. Respondent sells its products to numerous retail dealers located in various States of the United States and in the District of Columbia, and respondent causes its products, when sold, to be transported from its place of business in the State of New York to such purchasers. Respondent maintains a course of trade in its products in commerce among and between the various States of the United States and in the District of Columbia.

PAR. 2. In the sale and distribution of its products respondent is in substantial competition with other corporations and with individuals and partnerships engaged in the sale and distribution of similar products in commerce among and between the various States of the United States and in the District of Columbia.

PAR. 3. In the course and conduct of its business as aforesaid, and for the purpose of furthering the sale of its products, the respondent has caused to be attached to its products certain labels purporting to designate and describe the constituent fibers or materials of which such products are made. One of such labels carried the legend "100% CAMEL'S HAIR." Through the use of this legend the respondent represented that the garments so labeled were composed entirely of camel's hair.

PAR. 4. The Commission finds that this representation was false and misleading. The garments labeled "100% CAMEL'S HAIR" were not composed entirely of camel's hair, but in fact contained only about 30 percent camel's hair, the remaining fibers being wool and mohair in about equal proportions.

PAR. 5. The Commission further finds that there is a preference on the part of a substantial portion of the purchasing public for coats made of camel's hair over coats made of other fibers or materials.

PAR. 6. The use by the respondent of the representation herein set forth has the tendency and capacity to, and does, mislead and deceive a substantial portion of the purchasing public with respect to the fibers or materials of which respondent's products are made. As a result of the erroneous and mistaken belief so engendered by the respondent, a substantial portion of the purchasing public has been induced to purchase, and has purchased, respondent's products in preference to the products of respondent's competitors. Thereby, trade has been diverted unfairly to the respondent from its competitors, many of whom do not misrepresent the constituent fibers or materials of which their products are made.

CONCLUSION

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

ORDER TO CEASE AND DESIST

This proceeding having been heard by the Federal Trade Commission upon the complaint of the Commission, the answer of the respondent, testimony and other evidence taken before trial examiners of the Commission theretofore duly designated by it, in support of the allegations of said complaint and in opposition thereto, the report of the trial examiners thereon and briefs filed by counsel for the Commission and for respondent (no request for oral argument having been made) and the Commission having made its findings as

to the facts and its conclusion that said respondent has violated the provisions of the Federal Trade Commission Act.

It is ordered, That respondent, Fred P. Weissman, Inc., a corporation, its officers, representatives, agents, and employees, directly or through any corporate or other device, in connection with the offering for sale, sale and distribution of its coats and other garments in commerce, as commerce is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using the term "100% Camel's Hair", or any other term of similar import or meaning, to designate, describe or refer to any fabric or product which is not composed entirely of camel's hair.

2. Representing in any manner that respondent's products contain camel's hair in greater quantity than is actually the case.

It is further ordered, That the respondent shall, within 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.

It is further ordered, That no provisions contained in this order shall be construed as authorizing or permitting, after July 14, 1941, the labeling of any wool product in any manner other than in strict conformity with the provisions of the Wool Products Labeling Act of 1939.

IN THE MATTER OF
GRAND RAPIDS EXCHANGE, INC., ALSO TRADING AS
DENIS FURNITURE COMPANY

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

Docket 3703. Complaint, Feb. 8, 1939—Decision, June 12, 1941

Where a corporation engaged in wholesale distribution of household furniture at Brooklyn under its corporate name, and in retail sale thereof under separate trade name at New York City, in interstate sale of its said products, in competition with many who thus sell and distribute household furniture which was manufactured and had its origin in the city of Grand Rapids, Mich., and others who sell and distribute such furniture which was neither made nor originated there and who do not misrepresent their business, the quality or the origin or manufacture of their said products or that they own or conduct a factory or factories where such furniture is made—

Represented and implied that its said household furniture was manufactured at Grand Rapids, Mich., that its places of business were exchanges or headquarters or central offices for the Grand Rapids furniture industry, of which it was the authorized agency, and that it sold and distributed only Grand Rapids furniture made in its own factory at Grand Rapids, Mich., through use of its corporate name, together with the words "Factory and Show Rooms", on its letterheads, invoices and other printed matter, and prominent display on conspicuous signs at its aforesaid place of business of the statements "THE ORIGINAL GRAND RAPIDS EXC. INC. FURNITURE Main Show Rooms," "FIRST VISIT GRAND RAPIDS FURNITURE EXC. INC. SALES ROOMS," and "Authorized Agent for GRAND RAPIDS EXCH. SHOW ROOMS," and through statements of its officers, agents and employees, that it was "The only authorized agent in New York City handling Grand Rapids Furniture," that it was "One of the two places in New York where a dealer can get Grand Rapids Furniture," and that "We are the real McCoy because we have our factory in Grand Rapids, Mich., and the name of it is the Grand Rapids Furniture Company";

The facts being it dealt and traded extensively in household furniture of other origin and manufacture, and sold or distributed only a small portion of furniture made at Grand Rapids, Mich.—the furniture products of which are preferred and bought by a substantial number of the purchasing public—and it did not own, operate or control a factory, was not the headquarters or central office or exchange for the Grand Rapids Furniture industry, was not an authorized agent thereof or, as aforesaid indicated, a factory or headquarters of such furniture, from which a substantial portion of said public prefers to purchase as securing advantages not ordinarily obtainable through middlemen and others who do not deal exclusively in such furniture;

With effect of misleading and deceiving a substantial portion of the purchasing public, and of causing a number of members of such public mistakenly and erroneously to believe that said representations and implications were true,

whereby trade in commerce was diverted unfairly to it from its competitors; to their injury and that of the public: .

Held, That such acts and practices, as above set forth, were all to the prejudice of the public and competitors, and constituted unfair methods of competition in commerce and unfair and deceptive acts and practices therein.

Before *Mr. Miles J. Furnas* and *Mr. John W. Addison*, trial examiners.

Mr. John R. Phillips, Jr., for the Commission.

Mr. Nathan R. Shapiro, of New York City, for respondent.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said act, the Federal Trade Commission, having reason to believe that Grand Rapids Exchange, Inc., a corporation, also trading as "Denis Furniture Company," hereinafter referred to as respondent, has violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent, Grand Rapids Exchange, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its offices and principal place of business located at 55 Hope Street in the city of Brooklyn, State of New York, and also trades under the style and name of "Denis Furniture Company" at 2182 Third Avenue in the city of New York, State of New York. Said respondent is engaged in the wholesale distribution of household furniture under its corporate name, at Brooklyn, and in the retail sale thereof under its trade name of "Denis Furniture Company" at New York City, as aforesaid:

Respondent caused and causes its household furniture, when sold, to be transported from its places of business in New York and Brooklyn, in the State of New York, to the purchasers thereof located in the States of the United States other than the State of New York and in the District of Columbia.

Respondent now maintains, and for more than three years last past has maintained, a course of trade in household furniture, distributed and sold by it in commerce between and among the various States of the United States and in the District of Columbia.

PAR. 2. In the course and conduct of its business, as aforesaid, the respondent is, and for more than three years last past has been, in competition with corporations, individuals and partnerships engaged in the sale and distribution of household furniture, in commerce, be-

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tween and among the various States of the United States and in the District of Columbia.

Among the competitors of respondent are many corporations, individuals and partnerships who sell and distribute, in said commerce, household furniture, manufactured and having its origin in the city of Grand Rapids, Mich., and others selling and distributing household furniture not having been manufactured nor having its origin in said city of Grand Rapids, who do not misrepresent their business, the quality, nor the origin of the manufacture of their household furniture, or that they own or conduct a factory or factories where such household furniture is manufactured.

PAR. 3. In the course of its aforesaid business and for the purpose of inducing the purchase of its household furniture by members of the purchasing public, respondent uses, and has used, for the last three years, its corporate name, and prominently displays certain conspicuous signs on its principal place of business in the city of Brooklyn, and also at its retail store in the city of New York, the arrangement and the wording of the signs being as follows:

THE ORIGINAL
GRAND

R
A
P
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D
S

Exc. Inc.

FURNITURE

Main Show Rooms

Also:

FIRST
visit
GRAND
RAPIDS

F
U
R
N
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T
U
R
E

Exc. Inc.

SALES ROOMS

Also:

Authorized Agent
For
GRAND
RAPIDS Exch.
Show Rooms

Respondent also makes oral representations to its purchasers and prospective purchasers through its officers, agents and employees as being "The only authorized agent in New York City handling Grand Rapids Furniture"; also that it is "One of the two places in New York where a dealer can get Grand Rapids Furniture"; that "We are the real McCoy because we have our factory in Grand Rapids, Mich., and the name of it is the Grand Rapids Furniture Company."

Respondent also uses its corporate name, to wit: "Grand Rapids Exchange, Inc.," to appear variously on its letterheads, invoices and other printed matter, accompanied with the words and phrases "Factory and Showrooms," which are used and circulated by the respondent through the United States mails and otherwise to its customers and prospective customers located in the various States of the United States and in the District of Columbia.

PAR. 4. The city of Grand Rapids, Mich., has been for many years, and is now, a large and important center of the furniture industry in the United States, which fact is generally known to the public throughout the United States, and furniture manufactured in said city of Grand Rapids has for many years enjoyed, and now enjoys, a widespread popularity, reputation, good will and demand throughout the United States as being furniture of dependable quality and other desirable characteristics.

PAR. 5. By means and in the manner aforesaid, respondent represents and implies that said household furniture is manufactured at Grand Rapids, Mich.; that its places of business are exchanges, implying that its said places of business are headquarters or central offices for the Grand Rapids furniture industry; that it is the authorized agency for the Grand Rapids furniture industry; that only Grand Rapids furniture is sold and distributed by it; that such household furniture is manufactured in its own factory at Grand Rapids, Mich., and that it controls or operates its own factory.

By reason of the widespread reputation, popularity and good will among the public throughout the United States enjoyed by the aforesaid furniture industry of Grand Rapids, Mich., and its products, there are among the members of the purchasing public a substantial number who prefer to purchase household furniture manufactured and having its origin in said city of Grand Rapids, and to purchase

the same from a factory or a headquarters of the Grand Rapids furniture industry, believing that in so doing they secure better prices, superior quality and other advantages not ordinarily obtainable when purchasing through middlemen and others who do not deal exclusively in Grand Rapids furniture.

Respondent sells or distributes only a small portion of household furniture originating and manufactured at Grand Rapids, Mich. It does not own, operate, or control a factory, and is not the headquarters or central offices nor exchange for the Grand Rapids furniture industry. Respondent is not an authorized agent handling Grand Rapids furniture, but deals and trades extensively in household furniture of other origin, make, and manufacture.

PAR. 6. Respondent's acts and practices, as hereinabove alleged, have had, and do have, the tendency and capacity to, and do, mislead and deceive a substantial portion of the purchasing public, and have caused, and do cause, a number of members of the purchasing public mistakenly and erroneously to believe that said representations and implications are true and that the respondent's places of business as aforesaid are actually the New York headquarters, central office and exchanges of the Grand Rapids furniture industry; that the respondent is the authorized agency for Grand Rapids furniture; that respondent deals exclusively in furniture manufactured in Grand Rapids, Mich., and that it owns, operates and controls its own factory or factories. As a result thereof, trade in said commerce has been, and is, diverted unfairly to the respondent from its competitors to the injury of said competitors and to the injury of the public.

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

REPORT, FINDINGS AS TO THE FACTS, AND ORDER

Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission, on February 8, 1939, issued, and on February 9, 1939, served its complaint in this proceeding upon respondent, Grand Rapids Exchange, Inc., a corporation, charging it with the use of unfair methods of competition and unfair and deceptive acts and practices in commerce in violation of the provisions of said act. After the issuance of said complaint and the filing of respondent's answer, the Commission, by order entered herein, granted respondent's motion for permission to withdraw said answer and to substitute therefor an answer admitting all the material allegations

of fact set forth in said complaint and waiving all intervening procedure and further hearing as to said facts, which substitute answer was duly filed in the office of the Commission. Thereafter, this proceeding regularly came on for final hearing before the Commission on the said complaint and substitute answer, and the Commission, having duly considered the matter and being now fully advised in the premises, finds that this proceeding is in the interest of the public and makes this its findings as to the facts and its conclusion drawn therefrom:

FINDINGS AS TO THE FACTS

PARAGRAPH 1. Respondent, Grand Rapids Exchange, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its offices and principal place of business located at 55 Hope Street in the city of Brooklyn, State of New York, and also trades under the style and name of Denis Furniture Co. at 2182 Third Avenue in the city of New York, State of New York. Said respondent is engaged in the wholesale distribution of household furniture under its corporate name, at Brooklyn, and in the retail sale thereof under its trade name of Denis Furniture Company at New York City, as aforesaid.

Respondent caused and causes its household furniture, when sold, to be transported from its places of business in New York and Brooklyn, in the State of New York, to the purchasers thereof located in the States of the United States other than the State of New York and in the District of Columbia.

Respondent now maintains, and for more than three years last past has maintained, a course of trade in household furniture, distributed and sold by it in commerce between and among the various States of the United States and in the District of Columbia.

PAR. 2. In the course and conduct of its business, as aforesaid, the respondent is, and for more than three years last past has been, in competition with corporations, individuals, and partnerships engaged in the sale and distribution of household furniture, in commerce, between and among the various States of the United States and in the District of Columbia.

Among the competitors of respondent are many corporations, individuals and partnerships who sell and distribute, in said commerce, household furniture, manufactured and having its origin in the city of Grand Rapids, Mich., and others selling and distributing household furniture not having been manufactured nor having its origin in said city of Grand Rapids, who do not misrepresent their business, the quality, nor the origin of the manufacture of their

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household furniture, or that they own or conduct a factory or factories where such household furniture is manufactured.

PAR. 3. In the course of its aforesaid business and for the purpose of inducing the purchase of its household furniture by members of the purchasing public, respondent uses, and has used, for the last three years, its corporate name, and prominently displays certain conspicuous signs on its principal place of business in the city of Brooklyn, and also at its retail store in the city of New York, the arrangement and the wording of the signs being as follows:

THE ORIGINAL

GRAND

R

A

P

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D

S

Exc. Inc.

FURNITURE

Main Show Rooms

Also:

FIRST

visit

GRAND

RAPIDS

F

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Exc. Inc.

SALES ROOMS

Also:

Authorized Agent

For

GRAND

RAPIDS Exch.

Show Rooms

Respondent also makes oral representations to its purchasers and prospective purchasers through its officers, agents and employees as being "The only authorized agent in New York City handling Grand Rapids Furniture"; also that it is "One of the two places in New York where a dealer can get Grand Rapids Furniture"; that "We are the real McCoy because we have our factory in Grand Rapids, Mich., and the name of it is the Grand Rapids Furniture Company."

Respondent also uses its corporate name, to wit: "Grand Rapids Exchange, Inc.," to appear variously on its letterheads, invoices and other printed matter, accompanied with the words and phrases "Factory and Showrooms," which are used and circulated by the respondent through the United States mails and otherwise to its customers and prospective customers located in the various States of the United States and in the District of Columbia.

PAR. 4. The city of Grand Rapids, Mich., has been for many years, and is now, a large and important center of the furniture industry in the United States, which fact is generally known to the public throughout the United States, and furniture manufactured in said city of Grand Rapids has for many years enjoyed, and now enjoys, a widespread popularity, reputation, good will and demand throughout the United States as being furniture of dependable quality and other desirable characteristics.

PAR. 5. By means and in the manner aforesaid, respondent represents and implies that said household furniture is manufactured at Grand Rapids, Mich.; that its places of business are exchanges, implying that its said places of business are headquarters or central offices for the Grand Rapids furniture industry; that it is the authorized agency for the Grand Rapids furniture industry; that only Grand Rapids furniture is sold and distributed by it; that such household furniture is manufactured in its own factory at Grand Rapids, Mich., and that it controls or operates its own factory.

By reason of the widespread reputation, popularity and good will among the public throughout the United States enjoyed by the aforesaid furniture industry of Grand Rapids, Mich., and its prod-

ucts, there are among the members of the purchasing public a substantial number who prefer to purchase household furniture manufactured and having its origin in said city of Grand Rapids, and to purchase the same from a factory or a headquarters of the Grand Rapids furniture industry, believing that in so doing they secure better prices, superior quality and other advantages not ordinarily obtainable when purchasing through middlemen and others who do not deal exclusively in Grand Rapids furniture.

Respondent sells or distributes only a small portion of household furniture originating and manufactured at Grand Rapids, Mich. It does not own, operate or control a factory, and is not the headquarters or central offices nor exchange for the Grand Rapids furniture industry. Respondent is not an authorized agent handling Grand Rapids furniture, but deals and trades extensively in household furniture of other origin, make and manufacture.

PAR. 6. Respondent's acts and practices, as hereinabove alleged, have had, and do have, the tendency and capacity to, and do, mislead and deceive a substantial portion of the purchasing public, and have caused, and do cause, a number of members of the purchasing public mistakenly and erroneously to believe that said representations and implications are true and that the respondent's places of business as aforesaid are actually the New York headquarters, central office and exchanges of the Grand Rapids furniture industry; that the respondent is the authorized agency for Grand Rapids furniture; that respondent deals exclusively in furniture manufactured in Grand Rapids, Michigan, and that it owns, operates, and controls its own factory or factories. As a result thereof, trade in said commerce has been, and is, diverted unfairly to the respondent from its competitors to the injury of said competitors and to the injury of the public.

CONCLUSION

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

ORDER TO CEASE AND DESIST

This proceeding having been heard by the Federal Trade Commission upon the complaint of the Commission and the answer of respondent, in which answer respondent admits all the material

allegations of fact set forth in said complaint, and states that it waives all intervening procedure and further hearing as to said facts, and the Commission having made its findings as to the facts and conclusion that said respondent has violated the provisions of the Federal Trade Commission Act.

It is ordered, That the respondent, Grand Rapids Exchange, Inc., a corporation, its officers, representatives, agents, and employees, directly or through any corporate or other device, in connection with the offering for sale, sale and distribution of furniture in commerce, as commerce is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using the words "Grand Rapids" or "Grand Rapids Exchange," or words or terms of similar import or meaning, as a corporate or trade name or as a part of its corporate or trade name, or in any other manner, unless all furniture sold by it is manufactured in the city of Grand Rapids, Mich.;

2. Representing, directly or indirectly, that it is the authorized agency or is the central office or headquarters for the Grand Rapids Furniture industry;

3. Representing, directly or indirectly, that only furniture made in Grand Rapids, Mich., is sold or distributed by it;

4. Using the word "Factory" or otherwise representing through the use of any other word or term of similar import or meaning, or through any other means or device, or in any manner, that respondent is the manufacturer of the furniture sold by it, unless and until respondent actually owns and operates or directly and absolutely controls the plant or factory wherein such furniture is manufactured.

It is further ordered, That the respondent shall, within 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
**THOMSEN-KING & COMPANY, INC., WINSHIP CORPORATION,
JAMES M. WOODMAN, JESSE L. STEWART,
ET AL.**

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

Docket 3998. Complaint, Jan. 24, 1940—Decision, June 12, 1941

Where two corporations, which were created to continue the business of engaging in prize contests as a means of merchandising cosmetics, and which were the most recent of 16 companies organized, discontinued, or dissolved, and reorganized under the plan below set forth, over a period of some 10 years; and numerous individuals cooperating with one another, directly or indirectly, in conducting prize contests through such contest companies, which they organized, and including among their number (1) 10 partners operating "The Committee for General Investments," who, together with other investors, financed and aided the financing of one or more "prize contests" as hereinafter described, (2) a number of partners or associates, who conducted "prize contests" under various trade names such as "Woodman-Stewart Advertising Agency," and prepared advertisements used in connection therewith, and (3) some 20 others engaged, at some time during period concerned, directly or indirectly, in financing, operating or managing one or more of the aforesaid contests;

Acting in furtherance of a common plan, pursuant to which they—

I. Organized and operated some 16 corporations, or companies operating under trade names, to disseminate advertisements concerning numerous "prize contests" and induce the sale of certain cosmetics, and under which, when cited to appear before the Commission, they would, (1) in some cases, stipulate therewith to cease and desist the objectionable acts and practices, following which they would make little, if any, effort to comply, but would either discontinue or dissolve the particular company, organize a new one, and proceed with acts and practices substantially similar to, and in some instances identical with those which they had agreed to discontinue; and (2) in other instances, following issuance of complaints by Commission against one or more of their companies, they would, during the pendency of the proceedings, complete the particular contest involved and then dissolve or discontinue the particular company respondent in the proceeding concerned, filing either an admmissive answer or entering a dilatory contest for purposes of delay, and then organize new companies to continue practices substantially similar to and, in some instances, identical with those involved in complaints and orders referred to;

II. Frequently changed the corporate or trade names used in promoting sale of their cosmetics, dissolving the existing company, distributing its principal and profits, and transferring its physical properties to a new concern; and

III. Employed or designated new "prize managers" for newly organized prize contests, and new officers and so-called owners of new companies, to continue such contests, the new managers, officers and owners being