

IN THE MATTER OF
THE AMERICAN PRODUCTS COMPANY AND THE
ZANOL PRODUCTS COMPANY

MODIFIED CEASE AND DESIST ORDER

Docket 2336. Order, August 16, 1944

Order modifying prior modified cease and desist order of January 25, 1940, 30 F.T.C. 424, so as to require respondents, their officers, etc. in connection with offering, etc., in commerce, of food and toilet products and household cleaners, to cease and desist from misrepresenting the volume of respondents' business, or risk or expense incurred by their salesmen or distributors, or using the term "free" to describe articles offered as compensation for distribution thereof, or misrepresenting earnings or profits of sales persons or dealers, as in said order below set forth.

MODIFIED 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 the respondents, in which answer respondents admit the material allegations of facts set forth in said complaint, and the Commission having duly made and issued its findings as to the facts, conclusion and modified order to cease and desist dated January 25, 1940; and the Commission having further considered said modified order to cease and desist heretofore issued, and being of the opinion that the public interest requires that a further modification of the order to cease and desist should be issued in said cause; and the Commission having given due notice to the respondents to show cause on July 24, 1944, why this case should not be reopened for the purpose of modifying said modified order to cease and desist; and the Commission having heard oral argument of counsel and having considered the matter and the record herein, and having issued its order modifying said order in certain respects, issues this its modified order to cease and desist.

It is ordered, That the respondents, The American Products Company, a corporation, and The Zanol Products Company, a corporation, their officers, representatives, agents and employees, directly or through any corporate or other device in connection with the offering for sale, sale and distribution of food and toilet products and household cleaners in commerce, as commerce is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Misrepresenting in any manner the volume of respondents' business.
2. Representing that salesmen or distributors of respondents' merchandise incur no risk or expense when in fact respondents require a deposit from such persons for the goods, samples or sales equipment supplied.
3. Using the term "free," or any other term of similar import or meaning, to describe or refer to articles offered as compensation for distributing respondents' merchandise.

4. Representing any specified sum of money as possible earnings or profits of sales persons or dealers for any stated period which is not a true representation of the net earnings or profits which have been made for such stated period of time by a substantial number of respondents' active sales persons or dealers in the ordinary course of business under normal conditions and circumstances.

5. Representing any specified sum of money as earnings or profits of any specified dealer or sales person for any stated period of time unless such sum of money has in fact been earned net, by such dealer or sales person averaged over a period of at least two months in the ordinary course of business and under normal conditions and unless such representation is immediately accompanied by a statement to the effect that such dealer or sales person is an exceptional or unusual dealer or sales person.

It is further ordered, That the respondents shall, within 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
ABRAHAM STARR TRADING AS SUPERIOR TEXTILE MILLS

MODIFIED CEASE AND DESIST ORDER

Docket \$190. Order, August 16, 1944

Order modifying prior cease and desist order of November 15, 1939, 29 F. T. C. 1317, so as to require respondent, his representatives, etc., in connection with the offer, etc., in commerce, of fabrics or wearing apparel, to cease and desist from representing, through use of word "mills" in his trade name, or use of term "direct from mills to wearer," or otherwise, that he is a manufacturer of the products sold by him, etc., and from misrepresenting articles offered by him as "free," etc., and misrepresenting his offers as limited, etc., as in said order below set forth.

MODIFIED ORDER TO CEASE AND DESIST

This proceeding having been heard by the Federal Trade Commission, upon complaint of the Commission, the answer of the respondent, testimony and other evidence taken before Edward E. Reardon, an examiner of the Commission theretofore duly designated by it, in support of the allegations of said complaint, and in opposition thereto, brief filed herein by S. Brogdyne Teu, II, counsel for the Commission (the respondent having filed no brief and not having requested oral argument); and the Commission having duly made and issued its findings as to the facts, conclusion and order to cease and desist dated November 15, 1939; and the Commission having further considered said order to cease and desist heretofore issued, and being of the opinion that the public interest requires that a modified order to cease and desist should be issued in said cause; and the Commission having given due notice to the respondent to show cause on July 24, 1944, why this case should not be reopened for the purpose of modifying said order to cease and desist; and the Commission having considered the matter and the record herein, and having issued its order modifying said order in certain respects, issues this its modified order to cease and desist.

It is ordered, That the respondent Abraham Starr, individually, and trading as Superior Textile Mills, or trading under any other name, his representatives, agents and employees, directly or through any corporate or other device, in connection with the offering for sale, sale and distribution of fabrics or wearing apparel in commerce, as commerce is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, through the use of the word "Mills" in respondent's trade name or of the term "direct from mills to wearer," or any words or terms of similar import or meaning, or through any other means or device, or in any manner that said respondent is the manufacturer of the products sold by him unless and until such respondent actually owns and operates or directly and absolutely controls the manufacturing plant wherein said products are manufactured by him.