

IN THE MATTER OF

GUSTAVE GOLDSTEIN, TRADING AS
HUMANIA HAIR GOODS & SPECIALTY COMPANYCOMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION
OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914*Docket 5249. Complaint, Nov. 21, 1944—Decision, Apr. 27, 1945*

Where an individual engaged in the interstate sale and distribution of cosmetic preparations under various names, including Luxe Hair Coloring, Eau Sublime, B. Paul's Compound, Herolin Skin Cream, Godefroy's Larieuse, Apex Skin Bleach, Magic Shaving Powder, Henry's Super-Light Working Oil, Working Oil, Henry's Sulphur Lanolin Treatment for Hair and Scalp, and Humania Dandruff Treatment for Hair and Scalp, and Humania Dandruff Treatment; through advertisements disseminated in catalogs and by other means, based, as asserted by him, on statements supplied to him by the manufacturers of the products involved and without his knowledge of their false or deceptive character—

- (a) Falsely represented that "B. Paul's Compound" hair dye was composed of harmless ingredients and could be used without harmful effects, and that "Herolin Skin Cream" provided a competent and effective treatment for superficial pimples and skin marks of external origin;
- (b) Falsely represented that "Henry's Super-Light Working Oil" and "Working Oil" were competent and effective treatments for itchy scalp and dandruff; that "Henry's Sulphur Lanolin Treatment for Hair and Scalp" was a competent and effective treatment for baldness, falling hair, itchy scalp and dandruff and that "Humania Dandruff Treatment" was a competent and effective treatment and cure for dandruff;

The facts being that none of said preparations was an effective treatment for many of the underlying conditions which cause itching scalp, or dandruff, and their use would not relieve itching in some scalp conditions, though said "Working Oils" and "Sulphur Lanolin Treatment" might temporarily relieve itching caused by minor scalp disorders and make loose dandruff scales less noticeable by matting them to the hair and scalp; and they would not prevent falling hair or baldness;

- (c) Failed in his advertisements of said "Luxe Hair Coloring," "Eau Sublime," "Godefroy's Larieuse," to reveal material facts with respect to the consequences which might result from their use under usual or prescribed conditions, in that said preparations were para-phenylenediamine hair dyes and potentially dangerous in that their use might cause skin irritations; they should not be used for dyeing the eyelashes or eyebrows, as to do so might cause blindness; and they should not be used in case of any disease of or eruptions on the skin or scalp, nor until after a proper patch test demonstrated that the person was not sensitive to them;
- (d) Failed in advertisements of its "B. Paul's Compound" hair dye to reveal facts material, as above set forth, in that said compound contained pyrogallie acid, which is a caustic and may cause skin irritation; should not be permitted to remain on the skin or scalp for prolonged periods of time, should never be used when the skin or scalp is broken or where an eruption is present, and should not be permitted to come into contact with the eyes;
- (e) Failed in advertisements of its "Apex Skin Bleach" to reveal facts material, as above set forth, in that it contained ammoniated mercury and might cause skin irritations; should not be applied to an area of the skin larger than the face and

neck at any one time; too frequent applications and use over excessive periods of time should be avoided and adequate rest periods between series of treatments should be observed; it should not be used where the skin is cut or broken; and in all cases a proper patch test should be made to determine whether the user is sensitive to the preparation; and

- (f) Failed in advertisements of its "Magic Shaving Powder" to reveal facts material, as aforesaid, in that said powder contained ingredients irritating to the skin and should not be allowed to come into contact with the eyes, as to do so would cause extreme irritation;

With the effect of misleading and deceiving a substantial portion of the purchasing public into the erroneous belief that said representations were true, and of inducing it, because of such belief, to purchase substantial quantities of his said cosmetic preparations:

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

Mr. B. G. Wilson for the Commission.

Reeves, Todd, Ely & Beaty, 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 Gustave Goldstein, an individual, trading as Humania Hair Goods & Specialty Company, 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. The respondent, Gustave Goldstein, is an individual, trading as Humania Hair Goods & Specialty Co., with his office and principal place of business at 303 Fourth Avenue, New York, N. Y.

PAR. 2. The respondent is now and for more than two years last past has been engaged in the business of selling and distributing cosmetic preparations under various names, among them being:

Luxe Hair Coloring, Eau Sublime, B. Paul's Compound, Herolin Skin Cream, Godefroy's Larieuse, Apex Skin Bleach, Magic Shaving Powder, Henry's Super-Light Working Oil, Working Oil, Henry's Sulphur Lanolin Treatment for Hair and Scalp, and Humania Dandruff Treatment, in commerce between and among the various States of the United States and in the District of Columbia.

Respondent causes said preparations, when sold, to be transported from his said place of business in the State of New York to purchasers thereof located in various 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 his said preparations 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 his aforesaid business, respondent has disseminated and is now disseminating, and has caused and is now causing the dissemination of, false advertisements concerning his said

Complaint

40 F. T. C.

preparations by United States mails and by various other means in commerce as "commerce" is defined in the Federal Trade Commission Act; and respondent has also disseminated and is now disseminating, and has caused and is now causing the dissemination of, false advertisements concerning his said preparations by various means for the purpose of inducing, and which are likely to induce, directly or indirectly, the purchase of his said preparations in commerce as "commerce" is defined in the Federal Trade Commission Act.

Among and typical of the false, deceptive and misleading statements and representations contained in the false advertisements disseminated and caused to be disseminated, as hereinabove set forth, in catalogs distributed throughout the United States by United States mails, and by other means in commerce, are the following:

Representations with respect to B. Paul's Compound:

Made of pulverized roots and other harmless ingredients.

Representations with respect to Herolin Skin Cream:

If your surface skin is too dark due to exposure to sun and wind, and is blemished by superficial pimples and marks of external origin, try Herolin Skin Cream.

Representations with respect to Henry's Super-Light Working Oil and Working Oil:

Wonderful for itchy scalp and dandruff.

Representations with respect to Henry's Sulphur Lanolin Treatment for Hair and Scalp:

Baldness, Itchy-Scalp, Falling out Hair; Dandruff, etc., are not inherited * * * Don't let dry, itchy scalp or dandruff drive you mad. * * * Start Using Henry's Treatment tonight.

Representations with respect to Humania Dandruff Treatment:

Dandruff, the greatest foe of beautiful hair and a healthy scalp is responsible for a large percent of all cases of baldness and falling hair. It is a serious affection and must be given persistent treatment. When the white flakes or scales that indicate this condition begin to disappear, do not stop—but continue the Humania dandruff treatment regularly.

PAR. 4. Through the use of the foregoing statements and representations and others of the same import not specifically set out herein, respondent represents that the preparation, B. Paul's Compound, is composed of harmless ingredients and can be used without harmful effects; that Herolin Skin Cream provides a competent and effective treatment for superficial pimples and skin marks of external origin; that Henry's Super-Light Working Oil and Working Oil are competent and effective treatments for itchy scalp and dandruff; that Henry's Sulphur Lanolin Treatment for Hair and Scalp is a competent and effective treatment for baldness, falling hair, itchy scalp and dandruff and that Humania Dandruff Treatment is a competent and effective treatment for dandruff and will cure dandruff.

PAR. 5. The aforesaid statements and representations are false, misleading, and deceptive. In truth and in fact, the preparation B. Paul's Compound is not harmless as it contains pyrogalllic acid, which is a caustic and irritates the skin and mucous membranes. Herolin Skin Cream is not

a competent and effective treatment for superficial pimples and will not remove many marks on the skin, although of external origin. While Henry's Super-Light Working Oil, Working Oil, and Henry's Sulphur Lanolin Treatment for the Hair and Scalp may, in most cases, temporarily relieve itching of the scalp caused by minor scalp disorders and may make loose dandruff scales less noticeable by matting them to the hair and scalp, none of these preparations is a competent, effective, or adequate treatment for many of the underlying conditions which cause itching scalp, or for dandruff. Their use will not relieve itching in some scalp conditions. Henry's Sulphur Lanolin Treatment for Hair and Scalp will not prevent falling hair or baldness and is not a competent or effective treatment therefor. Humania Dandruff Treatment will not cure dandruff and is not a competent or effective treatment for dandruff.

PAR. 6. Respondent has disseminated and is now disseminating advertisements, in the manner aforesaid, with respect to his preparations designated Luxe Hair Coloring, Eau Sublime, Godefroy's Lariouse in which advertisements these preparations are offered as hair dyes. These advertisements, as well as the advertisements above quoted with respect to B. Paul's Compound, a hair dye; and Apex Skin Bleach, and Magic Shaving Powder, both offered as preparations to be applied to the skin, constitute false advertisements for the reason that they fail to reveal facts material in the light of the representations therein contained or material with respect to the consequences which may result from the use of the preparations to which the advertisements relate, under the conditions prescribed in said advertisements, or under such conditions as are customary and usual. The preparations Luxe Hair Coloring, Eau Sublime and Godefroy's Lariouse are para-phenylenediamine hair dyes and are potentially dangerous in that their use may cause skin irritations. Said preparations should not be used for dyeing the eyelashes or eyebrows; to do so may cause blindness. They should not be used in any event when there is any disease of or eruptions on the skin or the scalp, nor until after a proper patch test has demonstrated that the person is not sensitive to and can resist the effects of said preparation without harmful effects.

The preparation B. Paul's Compound contains pyrogalllic acid, which is a caustic and may cause skin irritation. It should not be permitted to remain on the skin or scalp for prolonged periods of time, should never be used when the skin or scalp is broken or where an eruption is present, and should not be permitted to come into contact with the eyes.

The preparation Apex Skin Bleach contains ammoniated mercury and is potentially dangerous as it may cause skin irritations. It should not be applied to an area of the skin larger than the face and neck at any one time. Too frequent applications and use over excessive periods of time should be avoided and adequate rest periods between series of treatments should be observed.

This preparation should not be used where the skin is cut or broken and in all cases a proper patch test should be made to determine whether the user is sensitive to the preparation. The preparation Magic Shaving Powder contains ingredients which have an irritating effect upon the skin and should not be used by those having tender skins. It should not be allowed to come into contact with the eyes; to do so would cause extreme irritation.

PAR. 7. The use by the respondent of the foregoing false, deceptive and misleading statements has had and now has the capacity and tendency to,

and does, mislead and deceive a substantial portion of the purchasing public into the erroneous and mistaken belief that said statements, representations and advertisements are true, and that the preparations enumerated in paragraph 6 hereof are harmless and may be used without ill effects to the user, and to induce a substantial portion of the purchasing public, because of such erroneous and mistaken belief, to purchase substantial quantities of respondent's said cosmetic preparations.

PAR. 8. The aforesaid acts and practices of the respondent, as herein alleged, are all to the prejudice and injury of the public and constitute 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 November 21, 1944, issued and subsequently served its complaint in this proceeding upon respondent, Gustave Goldstein, an individual, trading as Humania Hair Goods & Specialty Company, charging him with the use of 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 thereto, a stipulation was entered into whereby it was stipulated and agreed that a statement of facts signed and executed by respondent, Gustave Goldstein, and Richard P. Whiteley, Assistant Chief Counsel for the Federal Trade Commission, subject to the approval of the Commission, may be taken as the facts in this proceeding and in lieu of testimony in support of the charges stated in the complaint or in opposition thereto, and that the said Commission may proceed upon said statement of facts to make its report, stating its findings as to the facts and its conclusion based thereon, and enter its order disposing of the proceeding. In said stipulation respondent expressly waived the filing of a Trial Examiner's report upon the evidence. Thereafter this proceeding regularly came on for final hearing before the Commission upon said complaint, answer and stipulations, said stipulation having been approved, accepted and filed; and the Commission, having duly considered the same 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. The respondent, Gustave Goldstein, is an individual, trading as Humania Hair Goods & Specialty Co., with his office and principal place of business at 303 Fourth Avenue, New York, N. Y.

PAR. 2. The respondent is now and for more than two years last past has been engaged in the business of selling and distributing cosmetic preparations under various names, among them being:

Luxe Hair Coloring, Eau Sublime, B. Paul's Compound, Herolin Skin Cream, Godefroy's Larieuse, Apex Skin Bleach, Magic Shaving Powder, Henry's Super-Light Working Oil, Working Oil, Henry's Sulphur Lanolin Treatment for Hair and Scalp, and Humania Dandruff Treatment, in commerce between and among the various States of the United States and in the District of Columbia.

Respondent causes said preparations, when sold, to be transported from his said place of business in the State of New York to purchasers thereof located in various 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 his said preparations 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 his aforesaid business, respondent has disseminated and is now disseminating, and has caused and is now causing the dissemination of, false advertisements concerning his said preparations by United States mails and by various other means in commerce, as "commerce" is defined in the Federal Trade Commission Act; and respondent has also disseminated and is now disseminating, and has caused and is now causing the dissemination of, false advertisements concerning his said preparations by various means for the purpose of inducing, and which are likely to induce, directly or indirectly, the purchase of his said preparations in commerce, as "commerce" is defined in the Federal Trade Commission Act.

Among and typical of the misleading statements and representations contained in the false advertisements disseminated and caused to be disseminated, as hereinabove set forth, in catalogs distributed throughout the United States by United States mails, and by other means in commerce, are the following:

Representations with respect to B. Paul's Compound:

Made of pulverized roots and other harmless ingredients.

Representations with respect to Herolin Skin Cream:

If your surface skin is too dark due to exposure to sun and wind, and is blemished by superficial pimples and marks of external origin, try Herolin Skin Cream.

Representations with respect to Henry's Super-Light Working Oil and Working Oil:

Wonderful for itchy scalp and dandruff.

Representations with respect to Henry's Sulphur Lanolin, Treatment for Hair and Scalp:

Baldness, Itchy-Scalp, Falling Out Hair; Dandruff, etc., are not inherited * * *
Don't let dry, itchy scalp or dandruff drive you mad * * * Start using Henry's Treatment tonight.

Representations with respect to Humania Dandruff Treatment:

Dandruff, the greatest foe of beautiful hair and a healthy scalp is responsible for a large percent of all cases of baldness and falling hair. It is a serious affection and must be given persistent treatment. When the white flakes or scales that indicates this condition begin to disappear, do not stop—but continue the Humania dandruff treatment regularly.

PAR. 4. Through the use of the foregoing statements and representations and others of the same import not specifically set out herein, respondent represents that the preparation, B. Paul's Compound, is composed of harmless ingredients and can be used without harmful effects; that Herolin Skin Cream provides a competent and effective treatment for superficial

Findings

40 F. T. C.

pimples and skin marks of external origin; that Henry's Super-Light Working Oil and Working Oil are competent and effective treatments for itchy scalp and dandruff; that Henry's Sulphur Lanolin Treatment for Hair and Scalp is a competent and effective treatment for baldness, falling hair, itchy scalp and dandruff and that Humania Dandruff Treatment is a competent and effective treatment for dandruff and will cure dandruff.

PAR. 5. The aforesaid statements and representations are false, misleading and deceptive. In truth and in fact, the preparation B. Paul's Compound is not harmless as it contains pyrogallic acid, which is a caustic and irritates the skin and mucous membranes. Herolin Skin Cream is not a competent and effective treatment for superficial pimples, and will not remove any marks on the skin, although of external origin. While Henry's Super-Light Working Oil, Working Oil, and Henry's Sulphur Lanolin Treatment for the Hair and Scalp may, in most cases, temporarily relieve itching of the scalp caused by minor scalp disorders and may make loose dandruff scales less noticeable by matting them to the hair and scalp, none of these preparations is a competent, effective or adequate treatment for many of the underlying conditions which cause itching scalp, or dandruff. Their use will not relieve itching in some scalp conditions. Henry's Sulphur Lanolin Treatment for Hair and Scalp will not prevent falling hair or baldness and is not a competent or effective treatment therefor. Humania Dandruff Treatment will not cure dandruff and is not a competent or effective treatment for dandruff.

PAR. 6. Respondent has disseminated and is now disseminating advertisements, in the manner aforesaid, with respect to his preparations designated Luxe Hair Coloring, Eau Sublime, Godefroy's L'arieuse in which advertisements these preparations are offered as hair dyes. These advertisements, as well as the advertisements above quoted with respect to B. Paul's Compound, a hair dye; and Apex Skin Bleach, and Magic Shaving Powder, both offered as preparations to be applied to the skin, constitute false advertisements for the reason that they fail to reveal facts material in the light of the representations therein contained or material with respect to the consequences which may result from the use of the preparations to which the advertisements relate, under the conditions prescribed in said advertisements, or under such conditions as are customary and usual. The preparations Luxe Hair Coloring, Eau Sublime and Godefroy's L'arieuse are para-phenylenediamine hair dyes and are potentially dangerous in that their use may cause skin irritations. Said preparations should not be used for dyeing the eyelashes or eyebrows; to do so may cause blindness. They should not be used in any event when there is any disease of or eruptions on the skin or the scalp, nor until after a proper patch test has demonstrated that the person is not sensitive to and can resist the effects of said preparations without harmful effects.

The preparation B. Paul's Compound contains pyrogallic acid, which is a caustic and may cause skin irritation. It should not be permitted to remain on the skin or scalp for prolonged periods of time, should never be used when the skin or scalp is broken or where an eruption is present, and should not be permitted to come into contact with the eyes.

The preparation Apex Skin Bleach contains ammoniated mercury and is potentially dangerous as it may cause skin irritations. It should not be applied to an area of the skin larger than the face and neck at any one time. Too frequent applications and use over excessive periods of time should be avoided and adequate rest periods between series of treatments

should be observed. This preparation should not be used where the skin is cut or broken and in all cases a proper patch test should be made to determine whether the user is sensitive to the preparation.

The preparation Magic Shaving Powder contains ingredients which have an irritating effect upon the skin and should not be used by those having tender skins. It should not be allowed to come into contact with the eyes; to do so would cause extreme irritation.

PAR. 7. The use by the respondent of the foregoing false, deceptive and misleading statements has had and now has the capacity and tendency to, and does, mislead and deceive a substantial portion of the purchasing public into the erroneous and mistaken belief that said statements, representations and advertisements are true, and that the preparations enumerated in paragraph 6 hereof are harmless and may be used without ill effects to the user, and to induce a substantial portion of the purchasing public, because of such erroneous and mistaken belief, to purchase substantial quantities of respondent's said cosmetic preparations.

PAR. 8. Respondent states that he is a distributor of the aforesaid preparations, that the statements made by him were supplied by the manufacturers of said products and that he had no knowledge that said advertisements were false or deceptive.

CONCLUSION

The aforesaid acts and practices of respondent, as herein found, are all to the prejudice and injury of the public, and constitute 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 and a stipulation as to the facts entered into by the respondent, Gustave Goldstein, and Richard P. Whiteley, Assistant Chief Counsel for the Commission, which provides, among other things, that without further evidence or other intervening procedure the Commission may issue and serve upon the respondent herein findings as to the facts and conclusion based thereon, and an order disposing of the proceeding, 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 Gustave Goldstein, an individual, trading as Humania Hair Goods & Specialty Company, 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 his preparations designated Luxe Hair Coloring, Eau Sublime, B. Paul's Compound, Herolin Skin Cream, Godefroy's L'arieuse, Apex Skin Bleach, Magic Shaving Powder, Henry's Super-Light Working Oil, Working Oil, Henry's Sulphur Lanolin Treatment for Hair and Scalp, and Humania Dandruff Treatment, or any other preparations of substantially similar composition or possessing substantially similar properties, under whatever name or names sold, do forthwith cease and desist from directly or indirectly:

1. Disseminating or causing to be disseminated any advertisement by means of the United States mails, or by any means in commerce, as "com-

merce" is defined in the Federal Trade Commission Act, which advertisement represents, directly or by implication—.

(a) That the preparation, B. Paul's Compound, is composed of harmless ingredients or can be used without harmful effects.

(b) That the preparation Herolin Skin Cream constitutes a competent or effective treatment for superficial pimples or marks on the skin.

(c) That the preparations, Henry's Super-Light Working Oil, Working Oil, and Henry's Sulphur Lanolin Treatment for Hair and Scalp constitute competent or effective treatments for dandruff or itchy scalp or will relieve itchy scalp, except that caused by minor scalp irritations.

(d) That the preparation Henry's Sulphur Lanolin Treatment for Hair and Scalp will prevent falling hair or baldness or constitutes a competent or effective treatment therefor.

(e) That the preparation Humania Dandruff Treatment will cure dandruff or constitutes a competent or effective treatment for dandruff.

2. Disseminating or causing to be disseminated 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 advertisement fails to reveal:

(a) That the use of the preparations Luxe Hair Coloring, Eau Sublime or Godefroy's Lariouse may cause skin irritations; that said preparations should not be used for dyeing the eyelashes or eyebrows and that to do so may cause blindness; and that said preparations should not be used in any event when there is any disease of or eruptions on the skin or the scalp, nor until after a proper patch test has demonstrated that the person is not sensitive to and can resist the effects of said preparations without harmful effects.

(b) That the use of the preparation B. Paul's Compound may cause skin irritation; that it should not be permitted to remain on the skin or scalp for prolonged periods of time and should not be used when the skin is broken or where an eruption is present, and should not be permitted to come in contact with the eyes.

(c) That the use of the preparation Apex Skin Bleach may cause skin irritations; that it should not be applied to an area of the skin larger than the face and neck at any one time; that frequent applications and use over excessive periods of time should be avoided and adequate rest periods between series of treatments should be observed; that said preparation should not be used where the skin is cut or broken; and in all cases a patch test should be made to determine whether the user is sensitive to the preparation.

(d) That the use of the preparation Magic Shaving Powder may cause irritations of the skin and should not be used by those having tender skin or allowed to come in contact with the eyes; to do so will cause extreme irritation.

Provided, however, that advertisements relating to the preparations designated in paragraph 2 need contain only the statement, "CAUTION: Use only as Directed," if and when the directions for use, wherever they appear, on the label, in the labeling, or both on the label and in the labeling, contain warnings to the above effect.

3. Disseminating or causing to be disseminated any advertisement by any means for the purpose of inducing or which is likely to induce, directly or indirectly, the purchase in commerce, as "commerce" is defined in the Federal Trade Commission Act, of said preparations, which advertisement

466

Order

contains any representation prohibited in paragraph 1 hereof, or which fails to comply with the affirmative requirements set forth in paragraph 2 hereof.

It is further ordered, That the respondent, shall within 10 days after service of this order, file with the Commission an interim report in writing stating whether he intends to comply with this order, and, if so, the manner and form in which he intends to comply; and that within 60 days after service of this order, said respondent shall 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
AMERICAN FLAG COMPANY

COMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914, AND OF THE WOOL PRODUCTS LABELING ACT OF 1939, APPROVED OCT. 14, 1940

Docket 5261. Complaint, Dec. 15, 1944—Decision, Apr. 27, 1945

Where a corporation engaged in the manufacture and interstate sale and distribution of merchandise of a decorative nature such as flags, banners and pennants, including certain products composed in whole or in part of rayon or wool—

- (a) Sold products which, in texture and appearance, resembled silk, product of the cocoon of the silkworm, long held in great public esteem, without disclosing in words familiar to the purchasing public that such products were made in whole or in part of rayon, whereby many were led to believe that they were silk;
- (b) Represented through use of the words and expressions "rayon silk," "rayon bemberg silk," "rayon celanese taffeta silk," "yellow silk bullion fringe," "yellow silk tassels and cord" in its advertising and invoices and in various other ways, that its said rayon products were silk;

With effect of misleading and deceiving purchasers, including wholesalers and retailers, as to the fiber content of its products and of placing in the hands of its purchasers for resale a means and instrumentality whereby they might and did deceive the purchasing public in said respect; and with the result that substantial quantities thereof were purchased as composed in whole or in part of silk; and,

Where said corporation, engaged as aforesaid—

- (c) Sold products composed in whole or in part of wool, reprocessed wool or reused wool, including flags, banners and pennants, misbranded in violation of the Wool Products Labeling Act and rules and regulations thereunder, in that it did not affix thereto a stamp, tag, label or other means of identification showing the percentage of the total fiber weight of wool, reprocessed wool and reused wool and non-wool fiber and maximum percentage of adulterating matter, etc.; and proper identification of the manufacturer, seller, etc., as thereby required;

Held, That said acts, practices and methods, under the circumstances set forth, were all to the prejudice and injury of the public, and constituted unfair and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act and the Wool Products Labeling Act of 1939.

Mr. DeWitt T. Puckett and Mr. G. M. Martin for the Commission.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Wool Products Labeling Act of 1939, and by virtue of the authority vested in it by said acts, the Federal Trade Commission having reason to believe that American Flag Company, a corporation, hereinafter referred to as respondent, has violated the provisions of said acts and the rules and regulations promulgated under the Wool Products Labeling Act of 1939, 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: