

Complaint

IN THE MATTER OF
PEGGY SHOPS, INC., TRADING AND DOING BUSINESS
AS KARLTON VOGUE SHOP

COMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION
OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914, AND THE WOOL
PRODUCTS LABELING ACT OF 1939, APPROVED OCT. 15, 1940

Docket 5035. Complaint, Aug. 25, 1943—Decision, July 19, 1945

Where a corporation engaged in selling to the general public from its store, women's clothing, purchased from manufacturers in its own and other States, including many articles which were wool products within the intent and meaning of the Wool Products Labeling Act of 1939, and, when delivered to its store, had affixed thereto the stamp, tag, label or other means of identification purporting to show the percentage of the total fiber weight of wool, reprocessed wool, reused wool and non-wool fiber, maximum percentage of adulterating matter, and proper identification of the manufacturer, seller, etc., as provided by the aforesaid act and rules promulgated thereunder; before offer for sale or sale by it of said products to the general public, and with intent to violate the provisions of said act and rules—

Removed, mutilated, participated in or caused the removal or mutilation of said stamps, tags, labels or other means of identification and did not replace them with substitute stamps, etc., containing the information required as aforesaid;

With the result that said wool products, when offered for sale and sold by it, did not have affixed thereto the information required by said Act and rules and regulations:

Held, That such acts, practices, and methods of said corporation, as herein found, violated the provisions of the Wool Products Labeling Act of 1939 and the rules and regulations promulgated thereunder, 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.

Before *Mr. Arthur F. Thomas*, trial examiner.

Mr. DeWitt T. Puckett and *Mr. G. M. Martin* for the Commission.
Loewenstein & Winokur, of Philadelphia, Pa., for respondent.

COMPLAINT¹

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 Peggy Shops, Inc., a corporation, trading and doing business as Karlton Vogue Shop,

¹ Complaint published as amended by the following order of Nov. 4, 1943:

This matter coming on to be heard by the Federal Trade Commission upon the motion of counsel for the Commission to amend the complaint in this case by substituting

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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:

PARAGRAPH 1. Respondent, Peggy Shops, Inc., trading and doing business as Karlton Vogue Shop, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware and has its principal office and place of business at 1412 Chestnut Street, Philadelphia, Pa.

PAR. 2. Respondent is now and for several years last past has been operating a store in Philadelphia, Pa., selling women's clothing to the general public.

PAR. 3. During all the time aforementioned, the respondent has purchased and is now purchasing said clothing from various manufacturers located in States other than the State of Pennsylvania, and has caused and is now causing such clothing to be transported in commerce through regular and continuous channels of trade in which such apparel through respondent reaches the ultimate purchaser-consumer in a State other than the State of manufacture or first introduction into such commerce. Respondent also purchases said clothing from various manufacturers located in the State of Pennsylvania who manufacture such clothing for introduction into said commerce.

Said clothing transported in commerce as aforesaid and also clothing manufactured for introduction into said commerce is thereafter offered for sale and sold by respondent to the general public at its said place of business.

PAR. 4. Among the clothing purchased and transported in commerce as aforesaid and also among the clothing manufactured for introduction into said commerce and thereafter offered for sale and sold by respondent as aforesaid since July 15, 1941, are many articles which are wool products within the intent and meaning of the Wool Products Labeling Act of 1939, in that such articles are com-

the statement "Peggy Shops, Inc., a corporation, trading and doing business as Karlton Vogue Shop" for the statement "Karlton Vogue Shop, trading and doing business as Peggy Shop, a corporation," and it appearing that respondent does not resist said motion, and the Commission having duly considered the said motion and the record herein and being now fully advised in the premises.

It is ordered that the complaint herein be, and the same hereby is, amended by substituting the statement "Peggy Shops, Inc., a corporation, trading and doing business as Karlton Vogue Shop" for the statement "Karlton Vogue Shop, trading and doing business as Peggy Shop, a corporation."

posed in whole or in part of wool, reprocessed wool and reused wool as those terms are defined in said act.

All of said wool products purchased and transported in said commerce as aforesaid, and all of said wool products manufactured for introduction into said commerce, were subject to the provisions of the Wool Products Labeling Act of 1939 and the rules and regulations promulgated thereunder, and all of said wool products had affixed thereto by the manufacturer thereof, or by some person authorized under the provisions of said Act and said rules and regulations, a stamp, tag, label or other means of identification purporting to show (a) the percentage of the total fiber weight of the wool product, exclusive of ornamentation, not exceeding 5 percentum of said total fiber weight, of (1) wool, (2) reprocessed wool, (3) reused wool, (4) each fiber other than wool where said percentage by weight of such fiber was 5 percentum or more, and (5) the aggregate of all other fibers; (b) the maximum percentage of the total weight of the wool product of non-fibrous loading, filling or adulterating matter; (c) the name of the manufacturer of the wool product, or the manufacturer's registered identification number and the name of a subsequent seller or reseller of the product, as provided for in the rules and regulations promulgated under such act, or the name of one or more persons subject to Section 3 of said act with respect to such wool product; (d) the percentages, in words and figures plainly legible, by weight of the wool contents of said wool product where said wool product contained a fiber other than wool.

PAR. 5. After said wool products were delivered to the respondent at its said store and place of business as aforesaid, and before said wool products were offered for sale or sold by respondent to the general public, said respondent, with intent to violate the provisions of the Wool Products Labeling Act of 1939 and the rules and regulations promulgated thereunder, did remove, and participate in and cause the removal of, the stamps, tags, labels or other means of identification which purported to contain the information required by the provisions of said act and said rules and regulations affixed to said wool products by the manufacturer thereof or by some person authorized or required by said Act to affix such stamps, tags, labels, or other means of identification to said wool products.

PAR. 6. After said wool products were delivered to the respondent at its said store and place of business as aforesaid, and before said wool products were offered for sale or sold by respondent to the general public, said respondent, with intent to violate the provisions of said Wool Products Labeling Act of 1939 and said rules and regulations promulgated thereunder, did mutilate and partici-

pate in and cause the mutilation of the stamps, tags, labels or other means of identification which purported to contain the information required by the provisions of said act and said rules and regulations affixed to said wool products by the manufacturer thereof, or by some person authorized or required by said act to affix such stamps, tags, labels or other means of identification to said wool products.

PAR. 7. Said respondent did not replace said stamps, tags, labels, or other means of identification with substitute stamps, tags, labels, or other means of identification containing the information required under the provisions of the Wool Products Labeling Act of 1939 and the rules and regulations thereunder. As a result of respondent's said acts and practices in removing and mutilating said stamps, tags, labels or other means of identification affixed to said wool products, said wool products, when offered for sale and sold by respondent to the general public at its said store and place of business, did not have affixed thereto stamps, tags, labels, or other means of identification containing the information required by said act and said rules and regulations.

PAR. 8. The aforesaid acts, practices and methods of the respondent, as herein alleged, were and are in violation of the Wool Products Labeling Act of 1939, and the rules and regulations promulgated thereunder, 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 and the Wool Products Labeling Act of 1939, the Federal Trade Commission on August 25, 1943, issued and subsequently served its complaint in this proceeding upon respondent, Peggy Shops, Inc., a corporation, trading and doing business as Karlton Vogue Shop, charging it with the use of unfair and deceptive acts and practices in commerce in violation of the provisions of said acts and of the rules and regulations promulgated under the Wool Products Labeling Act of 1939. After the filing of respondent's answer thereto, said complaint was amended by order dated November 4, 1943, and thereafter the matter was set down for hearing on January 10, 1945, at which hearing respondent submitted a motion for permission to withdraw its answer to the complaint and to file in lieu thereof a substitute answer admitting all of the material allegations of fact set forth in said complaint and waiving all intervening procedure and further hearing as to said facts, which motion was granted by

the Commission. Thereafter, this proceeding regularly came on for final hearing before the Commission on the said complaint and respondent's substitute answer thereto; 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, Peggy Shops, Inc., trading and doing business as Karlton Vogue Shop, is a corporation, organized and existing under and by virtue of the laws of the State of Delaware, and has its principal office and place of business at 1412 Chestnut Street, Philadelphia, Pa. For several years last past and until recently, respondent operated a store in Philadelphia, Pa., where it engaged in the sale of women's clothing to the general public.

PAR. 2. Respondent purchased women's clothing from various manufacturers located in States other than the State of Pennsylvania, and caused such clothing to be transported in regular and continuous channels of trade in commerce until, through respondent, it reached the ultimate purchaser-consumer in a State other than the State in which manufactured or first introduced into such commerce. Respondent also purchased women's clothing from various manufacturers located in the State of Pennsylvania who manufacture such clothing for introduction into said commerce. The clothing transported in commerce as aforesaid, and also clothing manufactured for introduction into said commerce, was thereafter offered for sale and sold by respondent to the general public at its said place of business.

PAR. 3. Among the clothing purchased and transported in commerce as aforesaid, and also among the clothing manufactured for introduction into commerce, and thereafter offered for sale and sold by respondent as aforesaid since July 15, 1941, were many articles which were wool products within the intent and meaning of the Wool Products Labeling Act of 1939 in that such articles were composed in whole or in part of wool, reprocessed wool, or reused wool as those terms are defined in said act. All of said wool products purchased and transported in commerce as aforesaid, and all of said wool products manufactured for introduction into commerce, were subject to the provisions of the Wool Products Labeling Act of 1939, and the rules and regulations promulgated thereunder, and all of said wool products had affixed thereto by the manufacturer thereof, or by some person authorized under the provisions of said

act and said rules and regulations, a stamp, tag, label, or other means of identification purporting to show (a) the percentage of the total fiber weight of the wool product, exclusive of ornamentation not exceeding five percentum of said total fiber weight, of (1) wool, (2) reprocessed wool, (3) reused wool, (4) each fiber other than wool where said percentage by weight of such fiber was five percentum or more, and (5) the aggregate of all other fibers; (b) the maximum percentage of the total weight of the wool product of non-fibrous loading, filling, or adulterating matter; (c) the name of the manufacturer of the wool product, or the manufacturer's registered identification number and the name of a subsequent seller or reseller of the product, as provided for in the rules and regulations promulgated under such act, or the name of one or more persons subject to Section 3 of said act with respect to such wool product; (d) the percentages, in words and figures plainly legible, by weight of the wool contents of said wool product where said wool product contained a fiber other than wool.

PAR. 4. After said wool products were delivered to the respondent at its store and place of business as aforesaid, and before such wool products were offered for sale or sold by respondent to the general public, the respondent, with intent to violate the provisions of the Wool Products Labeling Act of 1939 and the rules and regulations promulgated thereunder, removed, participated in, and caused the removal of the stamps, tags, labels, or other means of identification affixed to said wool products by the manufacturer thereof or by some person authorized or required by said act to affix such stamps, tags, labels, or other means of identification to said wool products and which purported to contain the information required by the provisions of said act and said rules and regulations promulgated thereunder.

PAR. 5. After said wool products were delivered to the respondent at its store and place of business as aforesaid, and before such wool products were offered for sale or sold by respondent to the general public, the respondent, with intent to violate the provisions of said Wool Products Labeling Act of 1939 and said rules and regulations promulgated thereunder, mutilated, participated in, and caused the mutilation of the stamps, tags, labels, or other means of identification affixed to said wool products by the manufacturer thereof or by some person authorized or required by said act to affix such stamps, tags, labels, or other means of identification to said wool products and which purported to contain the information required by the provisions of said act and said rules and regulations promulgated thereunder.

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PAR. 6. Respondent did not replace said stamps, tags, labels, or other means of identification with substitute stamps, tags, labels, or other means of identification containing the information required under the provisions of the Wool Products Labeling Act of 1939 and the rules and regulations thereunder. As a result of respondent's acts and practices in removing and mutilating said stamps, tags, labels, or other means of identification affixed to said wool products, said wool products, when offered for sale and sold by respondent to the general public at its said store and place of business, did not have affixed thereto stamps, tags, labels, or other means of identification containing the information required by said act and said rules and regulations.

CONCLUSION

The aforesaid acts, practices, and methods of the respondent, as herein found, violated the provisions of the Wool Products Labeling Act of 1939 and the rules and regulations promulgated thereunder, were 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 and the answer of respondent, in which answer respondent admitted all the material allegations of fact set forth in said complaint and waived all intervening procedure and further hearing as to said facts, 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 and the provisions of the Wool Products Labeling Act of 1939.

It is ordered, That respondent, Peggy Shops, Inc., a corporation, trading and doing business as Karlton Vogue Shop, or under any other name, its officers, agents, representatives, and employees, directly or indirectly, in connection with the purchase, offering for sale, sale, or distribution of women's clothing or any other "wool product" as such products are defined in and subject to the Wool Products Labeling Act of 1939, do forthwith cease and desist from causing or participating in the removal or mutilation of any stamp, tag, label or other means of identification affixed to any such "wool product" pursuant to the provisions of the Wool Products Labeling Act of 1939, with intent to violate the provisions of said Act, and

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which stamp, tag, label, or other means of identification purports to show all or any part of the following:

(a) The percentage of the total fiber weight of such wool product, exclusive of ornamentation not exceeding five percentum of said total fiber weight, of (1) wool, (2) reprocessed wool, (3) reused wool, (4) each fiber other than wool where said percentage by weight of such fiber is five percentum or more, and (5) the aggregate of all other fibers.

(b) The maximum percentage of the total weight of such wool product of any nonfibrous loading, filling or adulterating matter.

(c) The name of the manufacturer of such wool product; or the manufacturer's registered identification number and the name of a seller of such wool product; or the name of one or more persons introducing such wool product into commerce, or engaged in the sale, transportation, or distribution thereof in commerce, as "commerce" is defined in the Federal Trade Commission Act and the Wool Products Labeling Act of 1939.

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.

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IN THE MATTER OF

JOSEPH FRIED, TRADING AND DOING BUSINESS AS
GRAND RAPIDS FURNITURE HOUSECOMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION
OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914*Docket 5095. Complaint, Dec. 10, 1943—Decision, July 19, 1945*

Where an individual engaged in interstate sale and distribution of household furniture with principal place of business in Los Angeles—

Represented through use of the words "Grand Rapids" in his trade name, in his advertising, on large display signs on the building in which his business was located, upon his stationery, business cards, statements, and order blanks, and in other ways, that he dealt principally in furniture which was made in Grand Rapids, Mich.;

When in fact only a small portion was made in said city—important center of the furniture industry in the United States, the furniture of which has long enjoyed a widespread popularity, reputation, good will, and demand;

With tendency and capacity to mislead a substantial portion of the purchasing public into the erroneous belief that he dealt principally in furniture made in Grand Rapids, Mich., and thereby to cause members of said public to purchase substantial quantities of his said products:

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.

Before *Mr. Miles J. Furnas*, trial examiner.

Mr. Joseph Callaway for the Commission.

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 Joseph Fried, trading and doing business as Grand Rapids Furniture House, 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. Respondent, Joseph Fried, is an individual, trading and doing business as, Grand Rapids Furniture House, with his principal place of business at 500 West Manchester Blvd., Los Angeles, Calif.

PAR. 2. Respondent is now and for more than two years last past, has been engaged in the sale and distribution of household furniture.