

IN THE MATTER OF

GLOBE TRADING COMPANY, INC., ET AL.

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 5098. Complaint, Dec. 11, 1943—Decision, July 25, 1945

Where a corporation, its two officers who furnished most of the capital invested therein, and three individuals in charge of operation of the business, engaged in the interstate sale and distribution of hosiery—

- (a) Represented falsely that there was some connection between the American National Red Cross and themselves, or that some of their hosiery had been approved by or was used by the Red Cross, that some of it embodied certain health features not found in other hosiery, and that some had been sterilized and was protected from contamination, through imprinting thereon a red cross and the expressions "Health for Victory" and "Sanitary Hose";
- (b) Represented falsely that their hosiery labeled "*First Quality*" was such in fact, and that their hosiery, falsely labeled "*Irregular*," was free from obvious mends, breaks, runs, tears and other damage to the fabric;
- (c) Falsely represented that their hosiery bearing the expressions "U. S. Army Standard" and "Uncle Sam" and a picture of the United States flag, met the United States Army standards and had been approved by or was sold under the auspices of some branch of the United States Government;
- (d) Represented falsely that they were "Importers" and "Exporters" and "Manufacturers of Seamless Hosiery" through display of such words on their letterheads, invoices and other advertising matter;

The facts being they operated a small manufacturing establishment and made cotton hosiery which constituted a portion of the hosiery sold by them, and while possessing the equipment to make seamless hosiery, did not in fact manufacture the same;

With the effect of misleading and deceiving members of the purchasing public into the purchase of substantial quantities of their said hosiery as a result of the erroneous beliefs so engendered:

Held, That such acts and practices, under the circumstances set forth, constituted unfair and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act; and

Where said corporation and individuals, engaged in interstate sale and distribution of certain of the aforesaid products which were wool products within the intent and meaning of the Wool Products Labeling Act of 1939—

- (e) Sold said products misbranded in violation of said Act and rules and regulations promulgated thereunder in that they did not have affixed thereto when introduced into interstate commerce and when offered for sale, a stamp, tag, label or other means of identification, as provided by said Act, 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; and proper identification of the manufacturer, seller, etc.:

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Held, That such acts and practices, under the circumstances set forth, were in violation of the Wool Products Labeling Act of 1939 and the rules and regulations promulgated thereunder, and constituted unfair and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act.

Mr. DeWitt T. Puckett and *Mr. G. M. Martin* for the Commission.
Mr. Sidney Reuben, of Reading, Pa., for respondents.

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 Globe Trading Company, Inc., a corporation, its officers, agents and employees; Leon Shutz and Rothermel Wise, individually, and as president and secretary-treasurer, respectively, of Globe Trading Company, Inc.; and Theodore E. Ullman, Maxwell M. Ullman and Herman Ullman, individuals, hereinafter referred to as respondents, have 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, Globe Trading Company, Inc., is a corporation, organized, existing and doing business under and by virtue of the laws of the State of Pennsylvania, and has its principal office and place of business at 119 North Eighth Street, Reading, Pa.

Respondents, Leon Shutz and Rothermel Wise, are president and secretary treasurer, respectively, of the aforesaid corporation.

Respondents, Maxwell M. Ullman, Theodore E. Ullman and Herman Ullman, are employees of the aforesaid corporate respondent.

PAR. 2. All of the aforesaid respondents act in concert in formulating and in carrying out the acts, practices and policies hereinafter described.

PAR. 3. The respondents are now and for more than one year last past have been engaged in manufacturing, selling and distributing wool products as defined in the Wool Products Labeling Act of 1939, and other merchandise. They also purchase and sell such products manufactured by other manufacturers.

Respondents cause their said products when sold by them to be transported from their said place of business in the State of Penn-

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sylvania to various purchasers thereof at their respective points of location in various States of the United States and in the District of Columbia.

Respondents maintain and during all the time herein mentioned have maintained a course of trade in said products in commerce between and among the various States of the United States and in the District of Columbia.

PAR. 4. In the course and conduct of their aforesaid business and for the purpose of promoting the sale of some of their said products, namely hosiery, the respondents have used various expressions, symbols and other representations in connection with the sale and distribution of said hosiery. On some of their hosiery is imprinted a red cross and the expressions, "Health for Victory" and "Sanitary Hose." Other of their said hosiery bears such expressions as "First Quality" and "Irregulars." On some of the labels and tags attached to respondents' said hosiery appear the expressions "U. S. Army Standard," "Uncle Sam" and a picture of the United States flag. On respondents' letterheads, invoices and other advertising matter appear the words "Importers" and "Exporters," and the expression "Manufacturers of Seamless Hosiery."

PAR. 5. Through the use of the aforesaid expressions, symbols and representations, the respondents have represented and now represent that there is some connection between the American National Red Cross Society and the respondents, or that some of their hosiery has been approved by, is used by the Red Cross; that some of their hosiery embodies certain health features not found in other hosiery; that some of their hosiery has been sterilized and is protected in some manner from contamination; that their hosiery labeled "U. S. Army Standard" meets the United States Army standards, and has been approved by, or is sold under, the auspices of some branch of the United States Government; that said respondents manufacture seamless hosiery; that their hosiery labeled "First Quality" is, in fact, first quality hosiery; that their "irregular" hosiery is free from obvious mends, breaks, runs, tears, and other damage to the fabric, and that they are importers and exporters of hosiery.

PAR. 6. The foregoing representations are false and misleading. The respondents are not entitled or authorized to use the Red Cross symbol in connection with the sale of their hosiery and said hosiery has not been approved or used by the Red Cross. Respondents' said hosiery does not embody any health features not found in ordinary hosiery, has not been sterilized, and is not hermetically sealed or otherwise protected from contamination. Said hosiery labeled "U.

S. Army Standard" does not conform to the standard or specifications of any branch of the armed services, and it has not been approved by, nor is it sold under, the auspices of any branch of the United States Government. Respondents do not manufacture any seamless hosiery. Some of respondents' hosiery labeled "First Quality" is not, in fact, first quality hosiery and their so-called "irregular" hosiery is not free from breaks, mends, runs, tears and other damage to the fabric and is not "irregular" hosiery, as such is known in the trade. Respondents are not importers or exporters of hosiery. Respondents operate a small manufacturing establishment and manufacture a cheap grade of cotton hosiery which constitutes only a portion of the hosiery they sell.

PAR. 7. Through the use of the aforesaid acts and practices, the respondents have deceived and misled, and now deceive and mislead, members of the purchasing public into the erroneous and mistaken belief that the aforesaid representations are true and because of such erroneous and mistaken belief, a substantial volume of purchases of respondents' said hosiery has been made.

PAR. 8. Among the products offered for sale, sold and distributed by respondents in commerce as aforesaid since July 15, 1941 are some which are wool products within the intent and meaning of the Wool Products Labeling Act of 1939, in that said products are composed in part of wool, reprocessed wool or reused wool as those terms are defined in said act. Said products are subject to the provisions of the Wool Products Labeling Act of 1939 and the rules and regulations promulgated thereunder.

The said wool products sold and distributed by respondents in commerce as aforesaid were misbranded in violation of the Wool Products Labeling Act of 1939 and the rules and regulations promulgated under such act in that said wool products, when introduced into said commerce and when offered for sale and sold to the ultimate purchasing public, did not have on or affixed thereto a stamp, tag, label or other means of identification or a substitute in lieu thereof as provided by said act, showing (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 re-

seller 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 such wool product where said wool product contains a fiber other than wool.

PAR. 9. The aforesaid acts, practices and methods of the respondents, as alleged in paragraph 8 hereof, constitute misbranding and were and are in violation of the Wool Products Labeling Act of 1939 and the rules and regulations promulgated thereunder, and all the acts, practices and methods of the respondents as alleged therein are 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 December 11, 1943, issued and subsequently served its complaint in this proceeding upon the respondents named in the caption hereof, charging them with the use of unfair and deceptive acts and practices in commerce in violation of the provisions of said acts and the rules and regulations promulgated under the Wool Products Labeling Act of 1939. After certain of the respondents filed answer in this proceeding, a stipulation as to the facts was entered into between counsel representing the Federal Trade Commission and the respondents, Globe Trading Company, Inc., Leon Shutz, Rothermel Wise, Theodore E. Ullman, and Herman Ullman by which it was agreed that, subject to the approval of the Federal Trade Commission, said stipulated facts may be taken as the facts in this proceeding 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 findings as to the facts and its conclusion based thereon and enter its order disposing of the proceeding without the presentation of argument or the filing of briefs. Thereafter, this proceeding regularly came on for final hearing before the Commission on said complaint, answer, and stipulation, said stipulation having been approved, accepted, and filed; 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, Globe Trading Company, Inc., is a corporation, organized, existing, and doing business under and by virtue of the laws of the State of Pennsylvania, with its principal office and place of business at 911 Geigers Court, Reading, Pa. Respondents, Leon Shutz and Rothermel Wise, are president and secretary-treasurer, respectively, of the corporate respondent, and respondents, Theodore E. Ullman and Herman Ullman, are employees of the corporate respondent. Maxwell M. Ullman was, until about six months prior to the issuance of the complaint in the proceeding, an employee of the corporate respondent. The respondents are now, and for more than one year last past have been, engaged in the sale and distribution of hosiery. Respondents, Leon Shutz and Rothermel Wise, furnished most of the capital invested in the enterprise and respondents Theodore E. Ullman, Maxwell M. Ullman, and Herman Ullman had charge of the actual operation of the business.

PAR. 2. Respondents cause their said products, when sold by them, to be transported from their said place of business in the State of Pennsylvania to the purchasers thereof at their respective points of location in various States of the United States and in the District of Columbia, and maintain, and during all the time herein mentioned have maintained, a course of trade in said products in commerce between and among various States of the United States and in the District of Columbia.

PAR. 3. In the course and conduct of their aforesaid business, the respondents have used various expressions, symbols, and other representations in connection with and as a means of promoting the sale and distribution of their said hosiery. On some of their hosiery is imprinted a red cross and the expressions "Health for Victory" and "Sanitary Hose." Other of their said hosiery bears such expressions as "First Quality" and "Irregulars." On some of the labels and tags attached to respondents' said hosiery appear the expressions "U. S. Army Standard," "Uncle Sam," and a picture of the United States flag. On respondents' letterheads, invoices, and other advertising matter appear the words "Importers" and "Exporters" and the expression "Manufacturers of Seamless Hosiery."

PAR. 4. Through the use of the aforesaid expressions, symbols, and representations, the respondents represent, and have represented, that there is some connection between the American National Red Cross Society and the respondents, or that some of their hosiery has been approved by or is used by the Red Cross; that some of

their hosiery embodies certain health features not found in other hosiery; that some of their hosiery has been sterilized and is protected in some manner from contamination; that their hosiery labeled "U. S. Army Standard" meets the United States Army standards, and has been approved by, or is sold under, the auspices of some branch of the United States Government; that their hosiery labeled "First Quality" is, in fact, first quality hosiery; that said respondents manufacture seamless hosiery; that their "irregular" hosiery is free from obvious mends, breaks, runs, tears, and other damage to the fabric, and that they are importers and exporters of hosiery.

PAR. 5. The aforesaid representations are false and misleading. Respondents are not entitled or authorized to use the Red Cross symbol in connection with the sale of their hosiery, and said hosiery has not been approved or used by the Red Cross. Respondents' said hosiery does not embody any health features not found in ordinary hosiery, has not been sterilized, and is not hermetically sealed or otherwise protected from contamination. Said hosiery labeled "U. S. Army Standard" has not been approved by, nor is it sold under, the auspices of any branch of the United States Government. Although respondents have the equipment to do so, they do not manufacture seamless hosiery. Some of respondents' hosiery labeled "First Quality" is not, in fact, first-quality hosiery and their so-called "Irregular" hosiery is not free from mends, breaks, runs, tears, and other damage to the fabric and is not "Irregular" hosiery as such is known to the trade. Respondents are not importers or exporters of hosiery. Respondents operate a small manufacturing establishment and manufacture cotton hosiery which constitutes a portion of the hosiery they sell.

PAR. 6. The aforesaid acts and practices of respondents have the capacity and tendency to, and do, mislead and deceive members of the purchasing public into the purchase of substantial quantities of respondents' said hosiery as a result of the erroneous belief so engendered.

PAR. 7. Among the products offered for sale, sold and distributed by the respondents in commerce as aforesaid since July 15, 1941, are some which are wool products within the intent and meaning of the Wool Products Labeling Act of 1939, in that said wool products are composed in part of wool, reprocessed wool, or reused wool as those terms are defined in said act. Said products are subject to the provisions of the Wool Products Labeling Act of 1939 and the rules and regulations promulgated thereunder.

PAR. 8. Some of the said wool products sold and distributed by

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respondents in commerce, as aforesaid, were misbranded in violation of the Wool Products Labeling Act of 1939, and the rules and regulations promulgated thereunder, in that they did not have on or affixed thereto, when introduced into said commerce and when offered for sale, a stamp, tag, label, or other means of identification or a substitute in lieu thereof as provided by said Act, showing (a) the percentages 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 products of nonfibrous 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 content of such wool product where said wool product contains a fiber other than wool.

CONCLUSION

The aforesaid acts, practices, and methods of respondents, as found in paragraphs 7 and 8 hereof, were and are in violation of the Wool Products Labeling Act of 1939 and the rules and regulations promulgated thereunder, and all of the acts and practices of respondents, as herein found, 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 respondents Globe Trading Company, Inc., Leon Shutz, Rothermel Wise, Theodore E. Ullman, and Herman Ullman, and a stipulation as to the facts entered into between counsel for the Commission and the said respondents, which provides, among other things, that without further evidence or other intervening procedure the Commission may issue and serve upon respondents 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 its conclusion that said respondents have violated the provisions of the Federal Trade Commission Act and the provisions of the Wool Products Labeling Act of 1939.

I. *It is ordered*, That respondent, Globe Trading Company, Inc., a corporation, its officers, and respondents, Leon Shutz, Rothermel Wise, Theodore E. Ullman, and Herman Ullman, individually or as officers or employees of respondent corporation, their respective representatives, agents, or employees, directly or through any corporate or other device, in connection with the offering for sale, sale, and distribution of hosiery in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using a red cross or any mark or emblem simulating the red cross symbol of the American National Red Cross Society to designate, describe, or refer to respondents' products, or representing in any manner that said products are used or approved by said Society.

2. Representing through the use of the expressions "Health for Victory" or "Sanitary Hose," or in any other manner, that respondents' said hosiery has been sterilized or is protected from contamination, or that it possesses health features not found in ordinary hosiery.

3. Using the expression "First Quality," or any other expression of similar meaning, to describe or refer to hosiery that is not in fact first-quality hosiery.

4. Using the word "Irregular" to describe or refer to hosiery which is not free from obvious mends, breaks, runs, tears, or any substantial damage to the yarn or fabric itself.

5. Representing through the use of the expressions "Uncle Sam" or "U. S. Army Standard," or by a picture of the United States flag, or in any other manner, that respondents' hosiery has been approved by or is sold under any branch of the United States Government.

6. Representing that respondents are importers or exporters of hosiery, or that any hosiery not manufactured by them was manufactured by them.

II. *It is further ordered*, That respondent, Globe Trading Company, Inc., a corporation, its officers, and respondents, Leon Shutz, Rothermel Wise, Theodore E. Ullman, and Herman Ullman, individually or as officers or employees of respondent corporation, their respective representatives, agents, and employees, in connection with the introduction or manufacture for introduction into commerce, or the sale, transportation, or distribution of such products in commerce, as "commerce" is defined in the aforesaid acts, do forthwith cease and desist from misbranding hosiery or other "wool products,"

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as such products are defined in and subject to the Wool Products Labeling Act of 1939, which contain, purport to contain, or in any way are represented as containing "wool," "reprocessed wool," or "reused wool" as those terms are defined in said act, by failing to show in a clear and conspicuous manner on a tag, label, or other means of identification securely affixed to such products or by a stamp placed thereon:

(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.

Provided, That the foregoing provisions concerning misbranding shall not be construed to prohibit acts permitted by paragraphs (a) and (b) of Section 3 of the Wool Products Labeling Act of 1939; and provided, further, that nothing contained in this order shall be construed as limiting any applicable provisions of said act or the rules and regulations promulgated thereunder.

III. *It is further ordered*, That the case growing out of the complaint herein be, and the same hereby is, closed as to respondent, Maxwell M. Ullman, without prejudice to the right of the Commission to institute further proceedings should the facts warrant.

IV. *It is further ordered*, That 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

A. J. ENGLAND, M. S. ENGLAND, M. K. ENGLAND AND A. E. WILDBERG TRADING AS SHIELDS OF FAITH COMPANY

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

Docket 5265. Complaint, Jan. 17, 1945—Decision, July 27, 1945

Where four partners engaged under the name "Shields of Faith Company" in interstate sale and distribution of metal-covered New Testaments and Catholic Prayer Books—which were approximately two and three-quarter by four and one-half inches in size, with the front bearing an additional cover of steel—and in furnishing to prospective jobber and retailer customers, as well as members of the purchasing public, advertising material consisting of display cards, circulars, and newspaper mats, which material was in turn distributed by dealers to their own customers—

- (a) Represented and implied that their books were covered with heavy steel bearing engraved inscriptions, and that they were capable of deflecting bullets, shrapnel, and bayonet thrusts, and might be the means of saving a soldier's life, through such statements as: "Armored Bible—Capable of Deflecting Bullets, Shrapnel and Bayonets," "* * * May Save the Soldier's Life," "Gold-plated, heavy steel engraved front cover * * *";

The facts being that such books would not be the means of saving the lives of soldiers generally: the metal used for the covers was not heavy steel but was soft, low-carbon steel, which would neither stop nor deflect any bullet unless it was either a "spent" bullet or the angle at which it struck the metal was so small that a deflection might occur, in either of which events the book itself without the metal cover would be sufficient to prevent the bullet from entering the body; any book of about the same size and thickness would give the same protection from shrapnel; while the steel cover might afford protection against bayonet thrusts, such representation was nevertheless misleading in that bayonet thrusts are directed against the soft parts of the torso and not the part of the soldier's body covered by the breast pocket in which the book was carried; and said cover, instead of being a protection, constituted an additional hazard in that a bullet passing through it would be distorted by the impact and would cause a much more serious and painful wound than if it had not been present; and

- (b) Falsely represented that the inscriptions on said steel covers were engraved; when in fact they were executed by a stamping process;

With effect of misleading and deceiving a substantial portion of the purchasing public with respect to their books, and of causing such public, including millions of citizens concerned and anxious for the lives of relatives and friends in the armed services, to purchase substantial quantities of their books as a result of such erroneous belief:

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