

Complaint

IN THE MATTER OF

HENRY LANKENAU, RICHARD LANKENAU,
AND HARRY LANKENAU, TRADING AS
LANKENAU COMPANY

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

Docket 5328. Complaint, June 1, 1945—Decision, Sept. 25, 1945

Where three partners engaged in the interstate sale and distribution of wool and rayon fabrics—

Represented to the public that they were the manufacturers of such products through use in advertisements in newspapers and trade journals, and on letterheads and other printed matter, of such typical statements as "Lankenau Company, textile manufacturers and merchants";

When in fact they were merely engaged in the sale and distribution of fabrics purchased from others who processed and manufactured them;

With tendency and capacity to mislead and deceive the purchasing public, a substantial portion of whom have a marked preference for dealing directly with manufacturers, into the erroneous belief that such false representation was true, whereby a substantial number of such public was induced to buy their said products:

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

Mr. Jesse D. Kash for the Commission.

Mr. Joseph F. Ruggieri, of Brooklyn, N. Y., for respondents.

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 Henry Lankenau, Richard Lankenau, and Harry Lankenau, individuals trading as Lankenau Company, hereinafter referred to as respondents, have violated the provisions of said Act and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Henry Lankenau, Richard Lankenau, and Harry Lankenau are individuals trading as Lankenau Company, with their office and principal place of business located at 1450 Broadway, New York, N. Y.

PAR. 2. The respondents, Henry Lankenau, Richard Lankenau, and Harry Lankenau, are now and have been for more than two years last past engaged in the sale and distribution of wool and

Complaint

41 F. T. C.

rayon fabrics. Respondents cause said products, when sold by them, to be transported from their aforesaid 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.

The respondents maintain, and at all times mentioned herein have maintained, a course of trade in said wool and rayon fabrics in commerce among and between the various States of the United States and in the District of Columbia.

PAR. 3. In the course and conduct of their aforesaid business, and for the purpose of inducing the purchase of their wool and rayon fabrics, the respondents have circulated and are now circulating among prospective purchasers throughout the United States in advertisements, in newspapers and trade journals, letterheads, and other printed matter, all of general circulation, false statements and representations concerning the nature of their business and the origin of their products. Among and typical of such false statements and representations is the following:

Lankenau Company, textile manufacturers and merchants.

PAR. 4. Through the use of said statement respondents represent that they are the manufacturers of the products offered for sale and sold by them in said commerce.

PAR. 5. The foregoing representation is false, misleading, and deceptive. In truth and in fact, the respondents do not own, operate, or control any plant or factory for the manufacture of the products offered for sale and sold by them as aforesaid, but are engaged in the sale and distribution of wool and rayon fabrics made, processed, and manufactured by and purchased from others.

PAR. 6. There is a marked preference on the part of dealers and a substantial portion of the purchasing public for dealing directly with and buying such products from the manufacturer.

PAR. 7. The use by respondents of the foregoing false and misleading representation has a tendency and capacity to and does mislead and deceive the purchasing public into the erroneous and mistaken belief that such false representations are true, and as a result thereof, a substantial number of the purchasing public were induced to buy respondents' said products in said commerce between and among the several States and in the District of Columbia.

PAR. 8. The aforesaid acts and practices of the respondents, 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 June 1, 1945, issued and thereafter served its complaint in this proceeding upon respondents, Henry Lankenau, Richard Lankenau, and Harry Lankenau, co-partners trading as Lankenau Company, charging them with the use of unfair and deceptive acts and practices in commerce in violation of the provisions of said act. On June 25, 1945, respondents transmitted to the Commission their answer to the complaint, in which said answer respondents admitted all the material allegations of fact set forth in said complaint and waived all intervening procedure and further hearing as to said facts. Thereafter, the proceeding regularly came on for final hearing before the Commission on the said complaint and the said 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. The respondents, Henry Lankenau, Richard Lankenau, and Harry Lankenau, are individuals comprising a partnership trading as Lankenau Company, with their office and principal place of business located at 1450 Broadway, New York, N. Y.

PAR. 2. The respondents are now, and for more than two years last past have been, engaged in the sale and distribution of wool and rayon fabrics. Respondents cause said products, when sold by them, to be transported from their aforesaid 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.

The respondents maintain, and at all times mentioned herein have maintained, a course of trade in said wool and rayon fabrics in commerce among and between the various States of the United States and in the District of Columbia.

PAR. 3. In the course and conduct of their aforesaid business, and for the purpose of inducing the purchase of their wool and rayon fabrics, the respondents have circulated among prospective purchasers throughout the United States, by means of advertisements appearing in newspapers and trade journals, and by letterheads and other printed matter, all of general circulation, false statements and representations concerning the nature of their business and the

Order

41 F. T. C.

origin of their products. Among and typical of such false statements and representations has been the following:

Lankenau Company, textile manufacturers and merchants.

PAR. 4. Through the use of said statement, respondents have represented to the public that they were the manufacturers of the products offered for sale and sold by them in said commerce.

PAR. 5. The foregoing representation was false, misleading, and deceptive. In truth and in fact, the respondents do not now own, operate, and control, and they have not owned, operated, or controlled, any plant or factory where the products offered for sale and sold by them are, or have been, manufactured, but are, and have been, engaged in the sale and distribution of wool and rayon fabrics purchased from others who processed and manufactured them.

PAR. 6. There is a marked preference on the part of dealers and a substantial portion of the purchasing public for dealing directly with and buying such products from the manufacturer thereof.

PAR. 7. The use by respondents of the foregoing false and misleading representation has had a tendency and capacity to mislead and deceive the purchasing public into the erroneous and mistaken belief that such false representation was true, and as a result thereof, a substantial number of the purchasing public have been induced to buy respondents' said products in said commerce between and among the several States and in the District of Columbia.

CONCLUSION

The acts and practices of the respondents as herein found are all to the prejudice 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 the respondents, in which answer respondents admit all the material allegations of fact set forth in said complaint and state that they waive 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 respondents have violated the provisions of the Federal Trade Commission Act:

It is ordered, That the respondents, Henry Lankenau, Richard

Lankenau, and Harry Lankenau, individually and trading as Lankenau Company, or trading under any other name, and their agents, representatives, and employees, directly or through any corporate or other device, in connection with the offering for sale, sale, and distribution in commerce, as "commerce" is defined in the Federal Trade Commission Act, of wool and rayon fabrics and other textile products, do forthwith cease and desist from:

Using the word "manufacturers," or any other word or words of similar import, to designate, describe, or refer to respondents or the business operated by them; or otherwise representing, directly or by implication, that respondents manufacture the products sold and distributed by them.

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.

Complaint

41 F. T. C.

IN THE MATTER OF

VALENTINE GREENEWALD, TRADING AS
PROFESSOR VALENTINE GREENEWALDCOMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION
OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914*Docket 5114. Complaint, Jan. 10, 1944—Decision, Oct. 1, 1945*

Where an individual engaged in interstate sale and distribution of a medicinal preparation formerly designated as "Nature Nervine", and thereafter as "Herbaline"—

- (a) Falsely represented through advertisements in newspapers, circulars, pamphlets, and other advertising literature, directly and by implication, that his said preparation was a competent and effective treatment for nervousness, nervous afflictions, nervous dyspepsia, neurasthenia, nervous debility, exhaustion, body weakness, anemia, melancholia, depression, insomnia, palpitation of the heart, stomach troubles, lack of energy, bad dreams, weakness of mind, painful nerves and such mental conditions as dread and fear; that it formed blood, strengthened the nerves, built the brain, invigorated the body, promoted health generally, and had a beneficial effect on the nerve centers; and
- (b) Falsely represented through use of the trade name "Nature Nervine" that said preparation was a remedy of nature, that it exerted a beneficial effect upon the nerves, and was effective in the treatment of nervous disorders and conditions;

With effect of misleading a substantial portion of the purchasing public into the erroneous belief that said representations were true, and with capacity and tendency so to do and thereby to induce such public to purchase substantial quantities of his said preparation:

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. Arthur F. Thomas*, trial examiner.

Mr. William L. Taggart 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 Valentine Greenewald, an individual trading as Professor V. Greenewald, hereinafter referred to as respondent, has violated the provisions of said act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Valentine Greenewald is an individual