

Complaint

48 F. T. C.

IN THE MATTER OF

RICHMOND GARMENT COMPANY, INC., ET AL.

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

Docket 5858. Complaint, Mar. 12, 1951—Decision, Dec. 24, 1951

Where a corporation and its president, engaged in the introduction into commerce and in the offer, sale, and distribution therein of wool products—

- (a) Misbranded certain of said products within the intent and meaning of the Wool Products Labeling Act and the rules and regulations promulgated thereunder in that, labeled "100% wool," they contained no "wool" as there defined, but were composed, exclusive of ornamentation not exceeding 5 percent of their total fiber weight, of "reprocessed wool";
- (b) Misbranded said products, thus labeled, in that their constituent fibers and the percentages thereof were not shown on the tags or labels as required by said Act and rules, etc.;
- (c) Misbranded certain of said products in that there was not shown on the labels attached thereto the legal name of the manufacturer, or of a person authorized by said Act to affix stamps, tags, labels, etc.;
- (d) Misbranded certain of said products in that the constituent fibers of their interlinings and the percentages thereof were not separately set forth and segregated upon tags or labels attached thereto, as required by said Act;
- (e) Misbranded certain of said products under said Act in that there were not set forth and segregated upon the labels or tags attached to the linings, which purported to contain wool, reused wool, or reprocessed wool, the constituent fibers and their percentages, exclusive of ornamentation not exceeding 5 percent of their total fiber weight; and,
- (f) With intent to violate the provisions of said Act, caused and participated in the removal or mutilation of stamps, tags, labels, and other means of identification which had been affixed to said wool products and purported to contain the information required by said Act;

With the result that said products, when offered and sold by them at their place of business, did not have affixed thereto the stamps, etc., containing the information required by said Act and rules and regulations:

Held, That such acts and practices, under the circumstances set out, were all to the prejudice of the public and 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.

Before *Mr. William L. Pack*, hearing examiner.

Mr. Jesse D. Kash for the Commission.

Shure & Bruder, of New York City, 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 Richmond Garment Company, Inc., a corporation, and Sol Rosenbloom, individually and as an officer of said corporation, 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 Richmond Garment Company, Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the Commonwealth of Virginia, with its principal place of business at 11 North Seventh Street in the City of Richmond, Virginia. Respondent Sol Rosenbloom is the President of said corporation, and in such capacity he formulates and executes its policies and practices. His business address is the same as that of said corporation.

PAR. 2. Subsequent to January 1, 1945, respondents have introduced into commerce, and offered for sale, sold, and distributed in commerce, as "commerce" is defined in Wool Products Labeling Act of 1939, wool products, as "wool products" are defined therein.

PAR. 3. Certain of said wool products were misbranded within the intent and meaning of the said Act and the Rules and Regulations promulgated thereunder, in that they were falsely and deceptively labeled with respect to the fibers and the percentages thereof of which they were composed, exclusive of ornamentation not exceeding five percentum of their total fiber weight, as "100% wool," whereas in truth and in fact said products contained no "wool" as the term is defined in said Act, but were composed, exclusive of ornamentation not exceeding five percentum of their total fiber weight, of "reprocessed wool" as the term is defined in said Act. The said wool products so labeled were further misbranded in that their constituent fibers and the percentages thereof were not shown on the tags or labels thereon as required by said Act, in the manner and form required by the said Rules and Regulations, since in truth and in fact said products were composed, exclusive of ornamentation, wholly of "reprocessed wool" as that term is defined in said Act.

Certain of the said wool products were misbranded in that the legal name of the manufacturer thereof or a person required or authorized by said Act to affix stamps, tags, labels, or other means of identification thereto, was not shown on the labels attached thereto as required by said Act and in the manner and form required by said Rules and Regulations, nor was there so shown in lieu thereof a registered identification number as permitted by said Rules and Regulations.

Certain of said wool products were misbranded in that the constituent fibers of their interlinings and the percentages thereof were not separately set forth and segregated as required by said Act, and in the manner and form required by said Rules and Regulations, upon the tags or labels attached thereto.

Certain of said wool products were misbranded in that there were not set forth and segregated upon the labels or tags attached thereto the constituent fibers and their percentages, exclusive of ornamentation not exceeding five percentum of their total fiber weight, of the linings, purporting to contain wool, reused wool, or reprocessed wool, of said products, as required by said Act and in the manner and form required by the rules and regulations promulgated thereunder.

PAR. 4. Certain wool products, when received by respondents at their place of business, had affixed thereto stamps, tags, labels, or other means of identification purporting to contain the information required by the Wool Products Labeling Act of 1939. After said wool products were delivered to the respondents at their said place of business as aforesaid, and before they were offered for sale or sold by respondents to the public, said respondents caused and participated in the removal of some and the mutilation of others of the said stamps, tags, labels, and other means of identification with intent to violate the provisions of the Wool Products Labeling Act of 1939. As a result of respondent's said acts and practices in removing and mutilating said stamps, tags, labels, and other means of identification affixed to said wool products, said wool products, when offered for sale and sold by respondent to the public at their place of business, did not have affixed thereto stamps, tags, labels, or other means of identification containing the information required by said Act and Rules and Regulations.

PAR. 5. The aforesaid acts, practices, and methods of respondents as alleged were and are in violation of Sections 3, 4, and 5 of the Wool Products Labeling Act of 1939 and Rules 2, 3, 13, and 24 of the Rules and Regulations promulgated thereunder and constitute unfair and deceptive acts or practices in commerce within the intent and meaning of the Federal Trade Commission Act.

DECISION OF THE COMMISSION

Pursuant to Rule XXII of the Commission's Rules of Practice, and as set forth in the Commission's "Decision of the Commission and Order to File Report of Compliance", dated December 24, 1951, the initial decision in the instant matter of Hearing Examiner William L. Pack, as set out as follows, became on that date the decision of the Commission.

INITIAL DECISION BY WILLIAM L. PACK, HEARING EXAMINER

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 those Acts, the Federal Trade Commission on March 12, 1951, 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 those Acts. Thereafter, respondents filed an answer in which they admitted all of the material allegations of fact in the complaint and waived all intervening procedure and further hearings as to such facts. Subsequently, the proceeding regularly came on for final consideration by the above named hearing examiner, theretofore duly designated by the Commission, upon the complaint and answer, and the hearing examiner, having duly considered the record herein, finds that this proceeding is in the interest of the public and makes the following findings as to the facts, conclusion drawn therefrom and order:

FINDINGS AS TO THE FACTS

PARAGRAPH 1. Respondent Richmond Garment Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Virginia, with its principal place of business at 11 North Seventh Street in the city of Richmond, Virginia. Respondent Sol Rosenbloom is President of the corporation, and in such capacity, formulates and executes its policies and practices.

PAR. 2. Subsequent to January 1, 1945, respondents have introduced into commerce, and offered for sale, sold and distributed in commerce, as "commerce" is defined in the Wool Products Labeling Act of 1939, wool products, as "wool products" are defined therein.

PAR. 3. Certain of such wool products were misbranded within the intent and meaning of said Act and the Rules and Regulations promulgated thereunder, in that they were labeled "100% wool," whereas actually such products contained no "wool" as the term is defined in said Act, but were composed, exclusive of ornamentation not exceeding five percentum of their total fiber weight, of "reprocessed wool" as the term is defined in said Act.

The wool products so labeled were further misbranded in that their constituent fibers and the percentages thereof were not shown on the tags or labels on such products as required by said Act, in the manner and form required by said Rules and Regulations, since, as stated,

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such products were composed, exclusive of ornamentation, wholly of "reprocessed wool."

Certain of such wool products were misbranded in that the legal name of the manufacturer thereof, or of a person required or authorized by said Act to affix stamps, tags, labels or other means of identification to such products, was not shown on the labels attached thereto as required by said Act and in the manner and form required by said Rules and Regulations, nor was there so shown in lieu thereof a registered identification number as permitted by said Rules and Regulations.

Certain of such wool products were misbranded in that the constituent fibers of their interlinings and the percentages thereof were not separately set forth and segregated as required by said Act, and in the manner and form required by said Rules and Regulations, upon the tags or labels attached to such products.

Certain of such wool products were misbranded in that there were not set forth and segregated upon the labels or tags attached thereto the constituent fibers and their percentages, exclusive of ornamentation not exceeding five percentum of their total fiber weight, of the linings of such products, which linings purported to contain wool, reused wool or reprocessed wool, as required by said Act and in the manner and form required by said Rules and Regulations.

PAR. 4. Certain wool products, when received by respondents at their place of business, had affixed thereto stamps, tags, labels, or other means of identification purporting to contain the information required by the Wool Products Labeling Act of 1939. However, before such products were offered for sale and sold by respondents to the public, respondents caused and participated in the removal of some and the mutilation of others of said stamps, tags, labels, and other means of identification, with intent to violate the provisions of said Act. As a result of respondents' acts, such products, when offered for sale and sold to the public by respondents at their place of business, did not have affixed thereto stamps, tags, labels, or other means of identification containing the information required by said Act and Rules and Regulations.

CONCLUSION

The acts and practices of respondents, as hereinabove set out, are all to the prejudice of the public and are in violation of the Wool Products Labeling Act of 1939 and the Rules and Regulations promulgated thereunder, and constitute unfair and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act.

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Order

ORDER

It is ordered, That the respondents, Richmond Garment Company, Inc., a corporation, and its officers, and Sol Rosenbloom, individually and as an officer of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the introduction into commerce or the offering for sale, sale, or distribution in commerce, as "commerce" is defined in the aforesaid Acts, of wool products, as such products are defined in and subject to the Wool Products Labeling Act of 1939, which products 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, do forthwith cease and desist from misbranding such products:

1. By using the unqualified word "wool" to designate or describe the constituent fibers of any product, when such fibers are not in fact wool as defined in the Wool Products Labeling Act of 1939.

2. By failing to affix securely to or place on such products a stamp, tag, label or other means of identification showing in a clear and conspicuous manner:

(a) The percentage of the total fiber weight of such wool product, exclusive of ornamentation not exceeding five per centum 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 per centum 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 or the registered identification number of the manufacturer of such wool product, or of one or more persons engaged in introducing such wool product into commerce or in the offering for sale, sale, or distribution thereof in commerce, as "commerce" is defined in the Federal Trade Commission Act and the Wool Products Labeling Act of 1939.

(d) The constituent fibers of interlining of such wool products, separately set forth on said identifying marks or labels attached thereto.

(e) The constituent fibers, with percentages thereof, of the linings of such wool products, separately set forth on such identifying marks or labels attached to such wool products, where such linings purport to contain wool, reused wool, or reprocessed wool.

Provided, That the foregoing provisions concerning misbranding shall not be construed to prohibit acts permitted by paragraphs (a)

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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.

It is further ordered, That said respondents and their officers, representatives, agents, and employees, as aforesaid, directly or through any corporate or other device, in connection with the purchase, offering for sale, sale, or distribution of "wool products" 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 Wool Products Labeling Act of 1939, with intent to violate the provisions of said Act, and which stamp, tag, label, or other means of identification purports to contain all or any part of the information required by said Act.

ORDER TO FILE REPORT OF COMPLIANCE

It is ordered, That the respondents herein shall, within sixty (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 the order to cease and desist [as required by said declaratory decision and order of December 24, 1951].

Complaint

IN THE MATTER OF

LLOYDS SPORTSWEAR COMPANY, INC., ET AL.

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

Docket 5862. Complaint, Mar. 26, 1951—Decision, Dec. 29, 1951

Where a corporation and its two officers, engaged in the manufacture, and sale and distribution in commerce, of wool products as defined in the Wool Products Labeling Act—

- (a) Misbranded certain ladies' skirts within the intent and meaning of said Act and the Rules and Regulations promulgated thereunder in that, tagged or labeled as "50% wool 50% rayon" the aggregate of the woollen fibers constituted less than 50 percent of said skirts, and they contained more than 50 percent of rayon; and
- (b) Misbranded said products further in that the labels affixed thereto did not show the aggregate of all other fibers, each of which constituted less than 5 percent of the total fiber weight:

Held, That such acts and practices, under the circumstances set forth, were in violation of Sections 3 and 4 of the Wool Products Labeling Act of 1939, and the rules and regulations promulgated thereunder, and constituted unfair and deceptive acts and practices.

In said proceeding while the hearing examiner, in arriving at the foregoing conclusion, gave full consideration to the protestations and explanations of respondents concerning their reputation and standing in the trade as manufacturers of clothing in large volume: that for upwards of twenty years they and their predecessors in interest had enjoyed an enviable record for honesty and integrity; and that the respondents could have made no material gain by substituting one fabric for the other; such matters, nevertheless, were not of sufficient cogency to warrant action other than the cease and desist order included in the decision.

Before *Mr. James A. Purcell*, hearing examiner.

Mr. Russell T. Porter for the Commission.

Mr. David Leavenworth, of New York City, 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 Lloyds Sportswear Company, Inc., a corporation, and Isaac N. Hazan and Max Orlinsky, individually and as officers of Lloyds Sportswear Company, Inc., hereinafter referred to as respondents, have violated the provisions of said Acts