

IN THE MATTER OF
BENNETT COAT CO., INC. ET AL.

DECISION IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL TRADE
COMMISSION ACT AND THE WOOL PRODUCTS LABELING ACT

Docket 6108. Complaint, July 9, 1953—Decision, Oct. 6, 1953

Where a corporation and two officers thereof, engaged in the manufacture and interstate sale and distribution of certain wool products as defined in the Wool Products Labeling Act;

- (a) Misbranded certain ladies' coats in that they were not stamped, tagged, or labeled as required by said Act and the Rules and Regulations promulgated thereunder;
- (b) Misbranded said coats in that, labeled or tagged as containing "100% Wool," they were composed of blended fabrics containing both wool and rayon fibers; and
- (c) Misbranded said coats in that the percentage or amount of the constituent fibers of interlinings thereof were not separately set forth on stamps, tags, etc. as required by Rule 24 of said Rules and Regulations:

Held, That such acts and practices, under the circumstances set forth, were in violation of the Wool Products Labeling Act and the Rules and Regulations promulgated thereunder and constituted unfair and deceptive acts and practices in commerce in violation of the Federal Trade Commission Act.

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

Mr. George E. Steinmetz for the Commission.

DECISION OF THE COMMISSION

Pursuant to "Decision of the Commission and Order to File Report of Compliance," dated October 6, 1953, which, following the Commission's review of the initial decision in the instant matter and its consideration of the entire record, set forth its opinion that said decision was "adequate and appropriate to dispose of the proceeding," said initial decision 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, the Federal Trade Commission, on July 9, 1953, 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. On August 12, 1953, respondents filed their answer, in which they admitted all of

the material allegations of fact set forth in the complaint and waived all intervening procedure and further hearing as to such facts. Thereafter 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 matter, 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 Bennett Coat Co., Inc. is a corporation organized and existing under and by virtue of the laws of the State of New York, with its office and principal place of business located at 222 West 37th Street, New York, New York. Respondents George Tlumak and Louis I. Krieger are, respectively, president and secretary and treasurer of the corporation, and formulate, direct, and control its policies, acts, and practices.

PAR. 2. Subsequent to the effective date of said Wool Products Labeling Act, and more especially since January 1951, respondents have manufactured for introduction, introduced, sold, distributed, delivered for shipment and offered for sale, in commerce, as "commerce" is defined in said Act, wool products, as "wool products" are defined therein.

PAR. 3. Certain of said wool products were misbranded in that they were not stamped, tagged, or labeled as required under the provisions of Section 4 (a) (2) of said Wool Products Labeling Act of 1939, and in the manner and form prescribed by the Rules and Regulations promulgated thereunder.

PAR. 4. Certain of said wool products were misbranded within the intent and meaning of Section 4 (a) (1) of the Wool Products Labeling Act of 1939 and the Rules and Regulations promulgated thereunder in that they were falsely and deceptively labeled or tagged with respect to the character and amount of the constituent fibers contained therein. Among such misbranded wool products were ladies' coats labeled or tagged by respondent corporation as containing "100% Wool" whereas in truth and in fact said products were not 100% wool but were composed of blended fabrics containing both wool and rayon fibers.

PAR. 5. Certain of said wool products were further misbranded in that the percentage or amount of the constituent fibers of interlinings of certain of said ladies' coats were not separately set forth on stamps, tags, labels, or other means of identification in the manner, form, and extent required by Rule 24 of the Rules and Regulations promulgated by the Commission pursuant to said Wool Products Labeling Act.

CONCLUSION

The acts and practices of respondents, as herein found, are in violation of the Wool Products Labeling Act of 1939 and of the Rules and Regulations promulgated thereunder, and are 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

It is ordered, That respondent Bennett Coat Co., Inc., a corporation, and its officers, and respondents George Tlumak and Louis I. Krieger, individually, and respondents' respective representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction or manufacture for introduction into commerce, or the offering for sale, sale, transportation or distribution in commerce, as "commerce" is defined in the Federal Trade Commission Act and the Wool Products Labeling Act of 1939, of ladies' coats or other "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 by:

1. Falsely or deceptively stamping, tagging, labeling, or otherwise identifying such products as to the character or amount of the constituent fibers included therein;

2. Failing to affix securely to or place on each such product 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 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 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, transportation, distribution or delivery for shipment thereof in commerce, as "commerce" is defined in the Wool Products Labeling Act of 1939.

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Order

3. Failing to set forth separately on the required stamp, tag, label, or other means of identification the character and amount of the constituent fibers contained in the interlinings of such wool products as provided in Rule 24 of the Rules and Regulations promulgated under said 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.

ORDER TO FILE REPORT OF COMPLIANCE

It is further ordered, That the respondents, Bennett Coat Co., Inc., a corporation, and George Tlumak and Louis I. Krieger, 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 decision and order of October 6, 1953].

IN THE MATTER OF
THE BLOTTING PAPER MANUFACTURERS
ASSOCIATION ET AL.

CONSENT SETTLEMENT IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT

Docket 6107. Complaint, June 30, 1953—Decision, Oct. 8, 1953

Where six corporations which were all the manufacturers in the United States on a regular sustained basis of commercial blotting papers and disseminated printed price lists and quotations—in accordance with which they made substantially all their sales to their respective customers for some years—which, with one or two exceptions, were uniform as to prices, terms, and conditions of sale for comparable products; aided by their association and the officers thereof—

Entered into understandings and a planned common course of action with respect to terms and conditions of sales, sale and distribution of blotting paper, to thwart, lessen, and suppress competition among themselves and others in the manufacture, sale, and distribution thereof; and, as a part of their cooperative activities, and to effectuate their common purpose—

- (a) Cooperatively formulated and adopted, and from time to time amended, a set of trade practices which included, among other things, (1) specific cutting and banding charges for different sizes and quantities; (2) stated standard size and weights, including specific price differentials for special weights and sizes; (3) packaging specifications, including specific price differentials for special packaging; and (4) regulations and charges with reference to colors and finishes;
- (b) Fixed, established, and maintained uniform and identical price differentials applicable to the different variations in colors, size, weight, trim, type, quantity, and packing;
- (c) Held meetings at which terms and conditions of sales and trade practices and policies were discussed, agreed to and acted upon; and
- (d) Fixed, established, and maintained uniform price differentials applicable to each of five zones into which, acting collectively for pricing purposes, they divided the United States, and followed the practice, regardless of the location of the selling manufacturer or location in a particular zone of the purchaser or the cost of transportation, of using Zone A prices as base prices and adding thereto $\frac{1}{2}\phi$ per pound for sales made in Zone B and similar additional amounts, in the case of each, for the three remaining zones, namely, Zones C, D, and E:

Held, That such acts and practices, under the circumstances set forth, were all to the prejudice of the public; hindered, lessened, and prevented price competition among them in the sale of said products and had a dangerous tendency so to do; and constituted unfair methods of competition in commerce and unfair acts and practices therein.

Before *Mr. Everett F. Haycraft*, hearing examiner.
Mr. Floyd O. Collins for the Commission.