

IN THE MATTER OF
HUDSON GARMENT CO., INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT

Docket 6219. Complaint, June 23, 1954—Decision, Oct. 1, 1954

Consent order requiring a New York manufacturer to cease representing falsely, by affixing markings, insignia, etc., resembling those used by the U. S. Armed Forces, that their Armed Services type jackets and outer garments were manufactured for the U. S. Armed Forces and in accordance with their specifications.

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

Mr. Terral A. Jordan for the Commission.

Mr. I. Arthur Rosenberg, of New York City, 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 Hudson Garment Co., Inc., a corporation, and Samuel Zigman, Simon Ginsberg, and Pearl Zigman, individually and as officers of said corporation, hereafter 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. Respondent Hudson Garment Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York with its office and principal place of business located at 600 Broadway, New York, New York. Respondents Samuel Zigman, Simon Ginsberg and Pearl Zigman are respectively president, treasurer and secretary of said corporate respondent. These individuals acting in cooperation with each other formulate, direct and control all of the policies, acts and practices of said corporation. The address of said individual respondents is the same as that of said corporate respondent.

PAR. 2. Respondents are now, and have been for more than one year last past, engaged in the manufacturer, sale and distribution of heavy outerwear, including Armed Services type garments, in commerce, among and between the various States of the United States and in the District of Columbia. Respondents maintain, and at all

times mentioned herein have maintained a substantial course of trade in said garments, in commerce among and between the various States of the United States.

PAR. 3. The garments manufactured, sold and distributed by respondents in the course and conduct of their business as aforesaid closely resemble the jackets and outer garments issued and furnished to members of the United States Armed Forces in color, pattern and style. Respondents also cause to be affixed to said garments certain markings, insignia, labels and tags which purport to designate the branch of service, model, contract number, specification number, stock number and directions as to the manner of use in substantially the same form, kind and manner as the markings, insignia, labels and tags prescribed and used by the United States Armed Forces on similar and like garments. Typical of the words and terms appearing on the markings, labels and tags, are as follows:

JACKET, INTERMEDIATE, FLYING

TYPE B-15

SPECIFICATION NO. 1872FS

STOCK NO. 754-28937

ORDER NO. 55-7283

ARMY AIR FORCES TYPE.

B-9

PARKA

TANKER JACKET

U. S. ARMY TYPE.

Typical of insignia used on certain of said garments is that of the Army Air Forces, consisting of a five point star with two wings enclosed in a circle, with the words "Army Air Forces" appearing immediately below.

PAR. 4. Through the use of said colors, patterns and styles and the markings, insignia, labels and tags, as described in Paragraph Three hereof, respondents have represented and implied and do represent and imply that said jackets and outer garments, manufactured, sold and distributed by them in commerce were manufactured for the United States Armed Forces and in accordance with specifications of said Armed Forces.

PAR. 5. Said representations and implications are false, misleading and deceptive. In truth and in fact, respondents' said garments

were neither manufactured for the United States Armed Forces nor in accordance with specifications of said Armed Forces.

PAR. 6. By selling and distributing to wholesalers and dealers said products manufactured as aforesaid and having affixed to them the markings, insignia, tags and labels hereinabove described, respondents furnish to such wholesalers and dealers the means and instrumentalities through and by which they may mislead and deceive the purchasing public as to the origin, kind, type, and style of their said jackets and outer garments.

PAR. 7. In the course and conduct of their business respondents are in direct and substantial competition with other corporations and firms and individuals engaged in the sale in commerce of jackets and outer garments.

PAR. 8. The sale and distribution in commerce of said garments in the color, style, design and with markings, as hereinabove alleged, has had and now has the tendency and capacity to and does mislead a substantial portion of the purchasing public into the belief that said garments were manufactured for the United States Armed Forces and in accordance with specifications of said Armed Forces. As a result thereof, substantial trade in commerce has been unfairly diverted to respondents from their competitors and substantial injury has been done to competition in commerce.

PAR. 9. The aforesaid acts and practices of the respondents, as herein alleged, are all to the prejudice and injury of the public and of respondents' competitors and constitute unfair and deceptive acts and practices and unfair methods of competition, 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 October 1, 1954, the initial decision in the instant matter of hearing examiner James A. Purcell, as set out as follows, became on that date the decision of the Commission.

INITIAL DECISION BY JAMES A. PURCELL HEARING EXAMINER

Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission on June 23, 1954, issued and subsequently served its complaint upon the respondents, Hudson Garment Co., Inc., a corporation, Samuel Zigman, Simon Ginsberg, and Pearl Zigman, the three last named respondents being charged as individuals

and as officers of the corporate respondent, whose principal office and place of business is located at No. 600 Broadway, New York, New York. Respondents are engaged in the manufacture, sale and distribution of heavy outerwear, including garments of the type used in the Armed Services of the United States.

Thereafter there was filed with the Federal Trade Commission a stipulation between the parties, dated August 16, 1954, providing for entry against respondents of a consent order, which said stipulation appears of record in this formal proceeding. By the terms thereof the parties agree that the complaint and said stipulation shall constitute the entire record herein, withdrawal of the answer heretofore filed by respondents on July 12, 1954, being moved and hereby granted; that respondents admit all of the jurisdictional allegations set forth in the complaint; that the parties waive hearing before a hearing examiner or the Commission, and also the making of findings of facts and conclusions of law by the Hearing Examiner or the Commission; that respondents waive the right to file exceptions or to demand oral argument before the Commission and all further and other procedure before the Hearing Examiner or the Commission to which, but for the execution and filing of the aforesaid stipulation, the respondents might be entitled under the Federal Trade Commission Act or the rules of practice of the Commission. Said stipulation specifically waives any and all right, power or privilege to challenge or contest the validity of the order hereinafter made and further provides that the complaint forming the basis of this proceeding may be used in construing the terms of the said order, which order may be altered, modified or set aside in the manner provided by law for other orders of the Commission where such action is sought. Said stipulation was executed for settlement purposes only and does not constitute an admission by respondents that they have violated the law as alleged in the complaint.

On the basis of the foregoing, the undersigned Hearing Examiner concludes that this proceeding is in the public interest and, in conformity with the action in said stipulation contemplated and agreed upon, makes the following order:

ORDER

It is ordered that respondents Hudson Garment Co., Inc., a corporation, and Samuel Zigman, Simon Ginsberg, and Pearl Zigman, individually and as officers of said corporation, and respondents' agents, representatives and employees, directly, or through any corporate or other device, in the offering for sale, sale or distribution of wearing apparel in commerce, as "commerce" is defined in the Fed-

Order

51 F. T. C.

eral Trade Commission Act, or of any other garments, do forthwith cease and desist from representing, directly or by implication, by marking, branding, labeling, tagging, or in any other manner, contrary to fact; that such merchandise was manufactured for the Armed Forces of the United States or in accordance with specifications of said Armed Forces.

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 October 1, 1954].

Complaint

IN THE MATTER OF

JOSEPH SALADOFF TRADING AS BONDED THRIFT
STAMP CO. AND CROWN TRADING STAMP CO.CONSENT ORDER IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL
TRADE COMMISSION ACT

Docket 6201. Complaint, Apr. 8, 1954—Decision, Oct. 3, 1954

Consent order requiring a Philadelphia seller of a sales promotional plan consisting of the sale of trading stamps to retail merchants for distribution to their customers and the redemption of the stamps by him in the form of various articles of merchandise, to cease representing falsely that his business was bonded, that merchants purchasing his plan would be assured of increased business, etc.

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

Mr. J. W. Brookfield, Jr., for the Commission.

Mr. Harry Arronson and *Mr. Leon Edelson*, of Philadelphia, Pa., for respondent.

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 Saladoff, an individual, trading as Bonded Thrift Stamp Co. and Crown Trading Stamp Co., hereinafter referred to as the 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 Joseph Saladoff is an individual, trading and doing business as Bonded Thrift Stamp Co. and Crown Trading Stamp Co. with his office and principal place of business located at 136-138 North Fifth Street in the City of Philadelphia, Pennsylvania.

PAR. 2. Respondent is now and has been for more than two years last past engaged in the sale and distribution of a sales promotion plan which consists of the sale of trading stamps to retail merchants for distribution to their customers and the redemption of the trading stamps by respondent with premiums in the form of various articles of merchandise. In connection with the sales promotion plan respondent furnishes to his customers various advertising folders, booklets and display sheets advertising and explaining the plan.