

Decision

IN THE MATTER OF
CORY CORPORATION ET AL.ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT*Docket 6348. Complaint, May 6, 1955—Decision, July 10, 1956*

Consent order requiring two affiliated corporations to cease making false representations in literature furnished their salesmen and by the salesmen in selling their "Flavor Seal" stainless steel cookware, such as that food values are lost and minerals and vitamins injured and destroyed by high cooking temperatures, that cooking in boiling water causes loss of the greater percentage of food values, that deficiency diseases are caused by improper preparation of food and over 90% of disease is caused by faulty diet, and that "waterless cooking" in their "Flavor Seal" stainless steel cookware would avoid all such dangers; and to cease disparaging competing products through statements that in aluminum utensils food develops dangerous poisons detrimental to health; and that those who eat food cooked or prepared in enamel utensils run the risk of appendicitis, tumors, and cancer as a result of chips of enamel getting into the system.

Mr. Joseph Callaway for the Commission.

Fink & Ruben and *Mr. Stanford Clinton*, of Chicago, Ill., for respondents, with the exception of John I. Snyder, Jr., who was represented by *Olwine, Connelly & Chase*, of New York City.

INITIAL DECISION BY JOHN LEWIS, HEARING EXAMINER

The Federal Trade Commission issued its complaint against the above-named respondents on May 6, 1955, charging them with the use of unfair and deceptive acts and practices and unfair methods of competition in commerce, in violation of the provisions of the Federal Trade Commission Act. After being duly served with said complaint, the respondents appeared by counsel and filed their answers thereto. Thereafter, said respondents entered into agreements with counsel supporting the complaint, containing a consent order to cease and desist. One of said agreements, dated February 20, 1956, has been signed on behalf of all respondents, except respondent John I. Snyder, Jr., and by counsel for said respondents. Another agreement, dated February 23, 1956, has been signed by respondent John I. Snyder, Jr., and by counsel for said respondent. Both agreements, which have been signed by counsel supporting the complaint and approved by the Director and Assistant Director of the Commission's Bureau of Litigation, have been submitted to the hearing examiner for his consideration.

Respondents, pursuant to the aforesaid agreements, have agreed to withdraw their answers, have admitted all the jurisdictional facts alleged in the complaint, and have agreed that the record may be taken as if findings of jurisdictional facts had been made in accordance with such allegations. Said agreements further provide that respondents waive any further procedural steps before the hearing examiner and the Commission, the making of findings of fact or conclusions of law, and all of the rights they may have to challenge or contest the validity of the order to cease and desist entered into in accordance with said agreements. It has also been agreed that the order to cease and desist issued in accordance with said agreements shall have the same force and effect as if entered after a full hearing and that the complaint may be used in construing the terms of said order. It has been further agreed that the aforesaid agreements are for settlement purposes only and do not constitute an admission by respondents that they, or any of them, have violated the law as alleged in the complaint.

This proceeding having now come on for final consideration, and it appearing from the aforesaid agreements containing consent order that the order therein provided for covers all the allegations of the complaint and provides for an appropriate disposition of this proceeding as to all parties, the same are hereby accepted and are ordered filed upon becoming part of the Commission's decision pursuant to Sections 3.21 and 3.25 of the Rules of Practice and Procedure, and the hearing examiner, accordingly, makes the following jurisdictional findings and order:

1. Respondent Cory Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 221 North LaSalle Street, Chicago, Illinois. Respondent Flavor Seal Corporation is a corporation, organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its principal place of business located at 221 North LaSalle Street, Chicago, Illinois. The individual respondents Edward C. Newman, Hugo Hartman, Norman H. Schlegel, and Kenneth Y. Craig are officers of respondent Cory Corporation and the individual respondent Herbert G. Blakeslee is both an officer and director of respondent Cory Corporation. The individual respondents Anthony J. Aldorf, Jack N. Pritzker, John I. Snyder, Jr., and Rudolph E. Vogel are directors of respondent Cory Corporation. The individual respondent Maurice Schraeger is an officer and director of respondent Flavor Seal Corporation. The individual respondents Abram N. Pritzker and James W. Aldorf are offi-

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cers and directors of both respondent Cory Corporation and respondent Flavor Seal Corporation.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents hereinabove named. The complaint states a cause of action against said respondents under the Federal Trade Commission Act, and this proceeding is in the interest of the public.

ORDER

It is ordered, That the respondents Cory Corporation, a corporation, and Flavor Seal Corporation, a corporation, their respective officers and directors; respondents Edward C. Newman, Hugo Hartman, Norman H. Schlegel, and Kenneth Y. Craig, individually and as officers of respondent Cory Corporation; Herbert G. Blakeslee, individually and as an officer and director of respondent Cory Corporation; Anthony J. Aldorf, Jack N. Pritzker, John I. Snyder, Jr., and Rudolph E. Vogel, individually and as directors of respondent Cory Corporation; Maurice Schraeger, individually and as an officer and director of respondent Flavor Seal Corporation; James W. Aldorf and Abram N. Pritzker, individually and as officers and directors of both respondents Cory Corporation and Flavor Seal Corporation, and said respondents' agents, representatives and employees, directly or through any corporate or other device in connection with the offering for sale, sale, or distribution in commerce, as "commerce" is defined in the Federal Trade Commission Act, of cooking utensils made of stainless steel or of any other product of substantially similar composition, design, construction, or purpose, do forthwith cease and desist from representing, directly or by implication:

1. That foods prepared, cooked or kept in aluminum or enamelware utensils cause disease or are in any manner detrimental or hazardous to the health of the user;

2. That the use of respondents' cooking utensils is necessary to health or will insure or promote better health, or is any more conducive to good health than the use of other modern cooking utensils, namely, other waterless cooking utensils and those utensils known as pressure cookers and as steamers;

3. That there is no loss of food values when food is cooked in respondents' cooking utensils and by respondents' recommended method of cooking;

4. That when the waterless method of cooking is employed, there is any difference in the loss of food values in food cooked in respondents' utensils as compared with food cooked in utensils made of other material; but nothing in this order shall prevent respond-

ents from representing that in the waterless method of cooking fresh fruits or fresh vegetables more vitamins and minerals are retained in the food than in methods of cooking using substantially larger quantities of water;

5. That preparing a meal by putting the food in a cooking vessel, covering it with water and boiling it causes deficiency ailments or nutritional deficiencies or the destruction or loss of the greater percentage of the necessary food values;

6. That other than by leaching into the cooking water, any minerals or any vitamins (except vitamin C and thiamin), in vegetables needed for human nutrition, are injured or lost by high temperatures in cooking; or that vitamin C or thiamin are destroyed by ordinary methods of cooking a meal;

7. That when using ordinary methods of cooking, 32% to 76% or any greater percentage or range of percentage of essential food values of vitamins or minerals is lost, destroyed by heat, or dissolved by water than is actually lost, destroyed or dissolved;

8. That a greater percentage of iodine, iron, magnesium, phosphorus, calcium or of any other mineral in food is lost by boiling in any method of cooking than is actually lost;

9. That heart disease, ulcers, indigestion, arthritis, gall stones, kidney trouble, decayed teeth, or diabetes are deficiency diseases or are caused by improper preparation of food;

10. That the majority of diseases are due to faulty diet;

11. That potatoes cooked by the method advocated by respondents, or in respondents' cooking utensils are not fattening;

12. That magnesium as found in food is a laxative.

DECISION OF THE COMMISSION AND ORDER TO FILE REPORT OF COMPLIANCE

Pursuant to Section 3.21 of the Commission's Rules of Practice, the initial decision of the hearing examiner shall, on the 10th day of July 1956, become the decision of the Commission; and, accordingly:

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.

Decision

IN THE MATTER OF
THE GREN CORPORATION ET AL.ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT*Docket 6491. Complaint, Jan. 11, 1956—Decision, July 12, 1956*

Consent order requiring a Newark, N.J., corporate purchaser of fur scraps and used fur garments and its corporate distributor of the processed fiber in Stamford, Conn., to cease representing the fibers in sales invoices as "Natural Mink," "Natural Beaver," etc., when the products contained substantial amounts of fur fibers other than mink and beaver.

Mr. Philip R. Melangton, Jr., for the Commission.

Mr. Benjamin R. Weisberg, of Stamford, Conn., for Gren Corp. and Charles E. Grenamyre.

Rubinton & Coleman, of Brooklyn, N.Y., for Sterling Fur Cutting Corp. and Hyman Meskin.

INITIAL DECISION BY J. EARL COX, HEARING EXAMINER

The complaint charges that respondents, having a community of interest in their business of selling and distributing fur fibers to manufacturers of fabrics for use therein, have, in the sale and distribution of such fur fibers in commerce, as "commerce" is defined in the Federal Trade Commission Act, misrepresented their product on the invoices thereof when sold to the purchasers of such product, in violation of the provisions of said Act.

Subsequent to the issuance of the complaint, respondents, their counsel, and counsel supporting the complaint, on May 8, 1956, entered into an Agreement Containing Consent Order To Cease And Desist, which was approved by the Director and Assistant Director, Bureau of Litigation of the Commission, and thereafter transmitted to the Hearing Examiner for consideration.

The agreement identifies respondent The Gren Corporation as a corporation existing and doing business under and by virtue of the laws of the State of Connecticut, and respondent Charles E. Grenamyre as an individual and president thereof, with their office and principal place of business located in the Ridgeway Professional Building, Stamford, Connecticut; respondent Sterling Fur Cutting Corporation as a corporation existing and doing business under and by virtue of the laws of the State of New Jersey, with its office and principal place of business located at 63 Hoyt Street, Newark, New Jersey; and respondent Hyman Meskin as an individual and Sec-