

IN THE MATTER OF
NORTHFIELD MILLS, INC., ET AL.

ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION AND THE WOOL PRODUCTS LABELING ACTS

Docket 6601. Complaint, July 30, 1956—Decision, Feb. 7, 1957

Consent order requiring three affiliated New England manufacturers of wool products with mills in Northfield, Vt.; Lebanon, N.H.; and Boston, Mass., respectively, to cease violating the Wool Products Labeling Act by failing to label certain wool products as required, by overstating the guanaco content of certain fabrics labeled falsely as "70% Guanaco—30% Wool * * *", by labels furnished to purchasers to be attached to garments bearing the false information "* * * a blend of 80% Wool—20% Guanaco", and by similar false statements made in sales contracts, orders, and correspondence.

Mr. John T. Walker and Mr. S. F. House for the Commission.
Whyman and Lazarus, of New York City, for respondents.

INITIAL DECISION BY JOSEPH CALLAWAY, HEARING EXAMINER

This proceeding was initiated July 30, 1956 by the issuance of a Federal Trade Commission complaint which charges the above named respondents with violation of the Federal Trade Commission Act and the Wool Products Labeling Act of 1939 and the Rules and Regulations promulgated under said Wool Products Labeling Act as set forth in said complaint. After the issuance and service of the complaint, respondents Northfield Mills, Inc., a corporation, Lebanon Woolen Mills Corporation, a corporation, Strathmore Woolen Company, a corporation, Bernard Goldfine, individually and as an officer of said corporations, Horace Maxwell Goldfine, individually and as the manager of Strathmore Woolen Company and fiber stock buyer for Northfield Mills, Inc., and Lebanon Woolen Mills Corporation on November 9, 1956, entered into an agreement for a consent order to cease and desist from the practices complained of, which agreement purports to dispose of all the issues in this proceeding as to all respondents without hearing. This agreement has been approved by the Assistant Director and Director of the Bureau of Litigation and has been submitted to the undersigned, heretofore designated to act as hearing examiner herein, for his consideration in accordance with Rule 3.25 of the Rules of Practice of the Commission.

On the basis of an affidavit of respondent Bernard Goldfine attached to and made part of the agreement by reference, the agree-

ment provides among other things that the complaint be dismissed as to respondents Frank H. Bussiere, Bernard Casey and Solomon Goldfine, although these respondents are not parties to the agreement. The cause of action in the complaint against these last three mentioned respondents is based upon the allegation that they participated in the formulation, direction and control of the policies, acts and practices of the corporate respondents including the acts and practices complained of in the complaint. The above mentioned affidavit of respondent Bernard Goldfine states unequivocally that these three respondents have no part in the formulation, direction or control of any of the policies, acts or practices of the corporate respondents. The agreement of counsel supporting the complaint to dismiss as to the parties named is, under the circumstances, in effect, a motion by such counsel to dismiss as to them upon what are considered adequate grounds, is treated as a motion and granted.

Respondents Northfield Mills, Inc., a corporation, Lebanon Woolen Mills Corporation, a corporation, Strathmore Woolen Company, a corporation, Bernard Goldfine, individually and as an officer of said corporations and Horace Maxwell Goldfine, individually and as the manager of respondent Strathmore Woolen Company and fiber stock buyer for the other two corporate respondents in the aforesaid agreement 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 agreement provides further that those respondents waive any further procedural steps before the hearing examiner and the Commission, including the making of findings of fact or conclusions of law and the right to challenge or contest the validity of the order to cease and desist entered in accordance with the agreement. It was further agreed that the record herein shall consist solely of the complaint and said agreement, that the agreement shall not become a part of the official record unless and until it becomes a part of the decision of the Commission, that said agreement is for settlement purposes only and does not constitute an admission by said respondents that they have violated the law as alleged in the complaint, that said order to cease and desist shall have the same force and effect as if entered after full hearing and may be altered, modified or set aside in the manner provided for other orders and that the complaint may be used in construing the terms of the order.

This proceeding having now come on for final consideration on the complaint and the aforesaid agreement containing the consent order, and it appearing that the order and the agreement cover all the allegations of the complaint and provide for appropriate dis-

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position of this proceeding, the order and the agreement are hereby accepted and ordered filed upon becoming part of the Commission's decision pursuant to Section 3.21 and 3.25 of the Rules of Practice and the hearing examiner accordingly makes the following finding for jurisdictional purposes and order:

1. Respondent Northfield Mills, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Vermont. Respondent Lebanon Woolen Mills Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of New Hampshire. Respondent Strathmore Woolen Company is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Massachusetts. Respondent Bernard Goldfine, an individual, is treasurer of the respondent Northfield Mills, Inc., and president and treasurer of Lebanon Woolen Mills Corporation and Strathmore Woolen Company. Respondent Horace Maxwell Goldfine is the manager of Strathmore Woolen Company and fiber stock buyer for Northfield Mills, Inc., and Lebanon Woolen Mills Corporation. Respondent Northfield Mills, Inc., has its office and principal place of business located at Northfield, Vermont. Respondent Lebanon Woolen Mills Corporation has its office and principal place of business located at Lebanon, New Hampshire. Respondent Strathmore Woolen Company has its office and principal place of business located at 35 Kneeland Street, Boston, Massachusetts. Both individual respondents also have their office and principal place of business located at 35 Kneeland Street, Boston, Massachusetts. The individual respondents Bernard Goldfine and Horace Maxwell Goldfine formulate, direct and control the acts and practices of all of said corporate respondents.

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 under the Wool Products Labeling Act of 1939 and the Rules and Regulations promulgated thereunder. This proceeding is in the public interest.

ORDER

It is ordered, That the respondents Northfield Mills, Inc., a corporation, Lebanon Woolen Mills Corporation, a corporation, and Strathmore Woolen Company, a corporation, and their officers, and Bernard Goldfine, individually and as an officer of said corporations, and Horace Maxwell Goldfine, individually, and respondents'

respective agents, representatives 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 wool products, as "wool products" are defined in and subject to the Wool Products Labeling Act, do forthwith cease and desist from misbranding such products by:

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

2. Failing to securely affix to or place on each of such wool 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 products, 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, (5) the aggregate of all other fibers;

- (b) The maximum percentage of the total weight of the wool products, of any non-fibrous loading, filling, or adulterating matter;

- (c) The name or registered identification number of the manufacturer of such wool products, or of one or more persons engaged in introducing such wool products 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.

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.

Provided further that nothing contained in this order shall be construed as limiting any applicable provisions of the Wool Products Labeling Act of 1939 or the Rules and Regulations promulgated thereunder.

It is further ordered, That the respondents Northfield Mills, Inc., a corporation, Strathmore Woolen Company, a corporation, and their officers, and Bernard Goldfine, individually and as an officer of said corporations, and Horace Maxwell Goldfine, individually, and respondents' respective 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 "com-

merce" is defined in the Federal Trade Commission Act, of piece goods, or other wool products, do forthwith cease and desist from:

1. Misrepresenting by statements or representations, in contracts, orders, confirmations, or other documents, by correspondence or by any other means, the character or amount of the constituent fibers contained in such products.

2. Furnishing to or placing in the hands of others, for use in designating the fiber content of respondents' fabrics or garments made therefrom, stamps, tags, or labels by means of which said fabrics or garments made therefrom may be falsely or deceptively stamped, tagged, labeled, or otherwise identified as to the character or amount of the constituent fibers contained therein, or in any other respect.

It is further ordered, That the complaint be and the same is hereby dismissed as to the respondents Frank H. Bussiere, Bernard Casey and Solomon Goldfine.

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 7th day of February, 1957, 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

GEORGE DUGDALE TRADING AS THE BURKLEIGH COMPANY; and FOREIGN PRODUCTS CORPORATION ET AL.

ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT*Docket 6270. Complaint, Dec. 22, 1954—Decision, Feb. 9, 1957¹*

Order—the first ten paragraphs entered by consent and the last four after adversary proceedings—requiring a New York City importer from England of an alleged soil conditioner and fertilizer designated “Actumus” and a dealer in the product in Towson, Md., to cease representing falsely in advertising that said product was 100% organic humus, activating bacteria which create nitrates and creating fertility in the soil; and otherwise misrepresenting its nature, effectiveness, and comparative merits.

Michael J. Vitale, Esq., for the Commission.

Reddan & Ferguson, by *Egbert R. Ferguson, Jr.*, Esq., of Washington, D.C., for respondents.

INITIAL DECISION BY ROBERT L. PIPER, HEARING EXAMINER

STATEMENT OF THE CASE

On December 22, 1954, the Federal Trade Commission issued its complaint against George Dugdale, an individual trading as The Burkleigh Company, Foreign Products Corporation, and Edgar Kirby, individually and as an officer of said corporation (all hereinafter collectively called respondents), charging them with the use of unfair methods of competition and unfair and deceptive acts and practices in commerce, in violation of Section 5 of the Federal Trade Commission Act (hereinafter called the Act), 15 U.S.C. 41, *et seq.* Copies of said complaint together with a notice of hearing were duly served upon respondents.

The complaint alleges in substance that respondents, in connection with the sale and distribution of a product called “Actumus” alleged to be a soil conditioner or fertilizer, made certain false representations with respect to such product. Respondents appeared by counsel and filed a joint answer admitting the corporate and competition allegations of the complaint as well as the specific representations set forth therein, but denying any false representations or violation of the Act.

Pursuant to notice, hearings were thereafter held on March 8, June 20, and November 6, 1956, in Washington, D.C., before the

¹Respondents' motion to modify order was denied by the Commission on Oct. 9, 1957.
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