

IN THE MATTER OF
NEW HAVEN QUILT & PAD CO. OF TEXAS, INC., ET AL.

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

Docket 6756. Complaint, Apr. 2, 1957—Decision, Aug. 8, 1957

Consent order requiring a manufacturer in Dallas, Texas, to cease violating the Wool Products Labeling Act by tagging as "Wool Batting," etc., bed comforters containing substantial amounts of fibers other than wool; by failing in other respects to label such wool products as required by the Act; by furnishing false guarantees that certain of their wool products were not misbranded; and by invoicing batts falsely as to percentage of wool content.

Mr. Michael J. Vitale and Mr. Thomas A. Ziebarth supporting the complaint.

Tobolowsky, Hartt & Schlinger, by *Mr. Henry D. Schlinger*, of Dallas, Tex., for respondents.

INITIAL DECISION BY JOHN LEWIS, HEARING EXAMINER

The Federal Trade Commission issued its complaint against the above-named respondents on April 2, 1957, charging them with having violated the Wool Products Labeling Act of 1939 and the Rules and Regulations promulgated thereunder, and the Federal Trade Commission Act, through the misbranding of certain wool products, furnishing false guarantees that they were not misbranded under the provisions of the Wool Products Labeling Act, and falsely representing the composition of certain batting on sales invoices and shipping memoranda. After being served with said complaint, respondents appeared by counsel and entered into an agreement containing consent order to cease and desist, dated June 4, 1957, purporting to dispose of all of this proceeding as to all parties without hearing. Said agreement, which has been signed by all respondents, by counsel for said respondents, and by counsel supporting the complaint, and approved by the Director and Assistant Director of the Commission's Bureau of Litigation, has been submitted to the above-named hearing examiner for his consideration, in accordance with Section 3.25 of the Commission's Rules of Practice for Adjudicative Proceedings.

Respondents, pursuant to 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

further provides 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 in accordance with said agreement. It has been agreed that the order to cease and desist issued in accordance with said agreement 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 also been agreed that the aforesaid agreement is for settlement purposes only and does not constitute an admission by respondents that they have violated the law as alleged in the complaint.

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

1. Respondent New Haven Quilt & Pad Co. of Texas, Inc., is a corporation existing and doing business under and by virtue of the laws of the State of Texas, with its office and principal place of business located at 604 First Avenue, in the City of Dallas, State of Texas. Respondent J. Paul Levine is an individual and Secretary-Treasurer of the corporate respondent, with the same address as that of the corporate respondent.

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 Wool Products Labeling Act of 1939 and the Federal Trade Commission Act, and this proceeding is in the interest of the public.

ORDER

It is ordered, That respondents New Haven Quilt & Pad Co. of Texas, Inc., a corporation, and its officers and J. Paul Levine, individually and as an officer of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction or manufacture for the introduction into commerce, or the offering for sale, sale, transportation or distribution in commerce, as "commerce" is

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defined in the Federal Trade Commission Act and the Wool Products Labeling Act of 1939, of bed comforters 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 these terms are defined in said Act, do forthwith cease and desist from:

A. 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 contained therein;

2. Failing to securely affix 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 non-fibrous 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.

B. Furnishing false guarantees that bed comforters or any other wool products or materials are not misbranded under the provisions of the Wool Products Labeling Act, when there is reason to believe that the wool products so guaranteed may be introduced, sold, transported or distributed into commerce.

It is further ordered, That New Haven Quilt & Pad Co. of Texas, Inc., a corporation, and its officers and J. Paul Levine, individually and as an officer of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of batts or battings or any other products or materials in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from directly or indirectly:

Misrepresenting the constituent fibers of which their products are

composed or the percentages or amounts thereof, in sales invoices, shipping memoranda or in any other manner.

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 8th day of August 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.

IN THE MATTER OF
ATLANTIC SEWING STORES, INC., ET AL.

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

Docket 6716. Complaint, Jan. 25, 1957—Decision, Aug. 12, 1957

Order requiring four affiliated concerns in Flushing, N.Y., and their three common officers who also did business under a variety of trade names, to cease, in advertising in newspapers and by television, using "bait" offers made for the purpose of obtaining leads to prospective buyers of sewing machines; to cease pricing fictitiously the models pushed and making deceptive "free gift" offers; and requiring the officers of the companies to cease using the word "Guild" in their trade names.

Mr. Kent P. Kratz for the Commission.

INITIAL DECISION BY JOHN B. POINDEXTER, HEARING EXAMINER

PRELIMINARY STATEMENT

In this proceeding, the complaint charged the corporate and individual respondents named in the caption hereof with violating the Federal Trade Commission Act (15 U.S.C.A. 45) by the use of so-called "bait" advertising in the sale of sewing machines. The complaint alleged that the individual respondents Aaron Glubo, Robert B. Epstein, and Seymour Exelberth were officers of and directed the policies and activities of each respondent corporation. The complaint further alleged that the individual respondents also engaged in business as copartners under various trade names, including Household Sewing Guild, Consumers Credit Guild, Fiatelli Sewing Machine Company, Atlantic Sewing Stores, and Sew-Mart. The respondents filed an answer admitting that they were engaged in the sewing machine business, in commerce, that they "advertised," but denied the other material allegations set forth in the complaint.¹

The initial hearing convened at 10:00 o'clock A.M. on April 4, 1957, in New York City, as specified in the complaint. At the opening of the hearing, counsel supporting the complaint announced that he was ready to proceed with the hearing. No one appeared on behalf of any respondent. The examiner then announced a recess for a period of thirty minutes. During the recess, the examiner

¹ The answer was signed by each individual respondent but not by each respondent corporation. However, the hearing examiner has considered the answer as being filed on behalf of each respondent, corporate and individual.