

Decision

IN THE MATTER OF

J. A. DEKNATEL & SON, INC., ET AL.

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

Docket 7529. Complaint, June 26, 1959—Decision, Nov. 11, 1959

Consent order requiring a distributor in Queens Village, N.Y., to cease advertising falsely as made in the U.S.A., beads used for making identification bracelets and necklaces for newborn babies in hospitals, and to cease selling the beads without revealing that the pink and blue beads, comprising a substantial portion of the finished products, were made in Japan.

Mr. Charles W. O'Connell supporting the complaint.
Larson & Taylor, of Washington, D.C., for respondent.

INITIAL DECISION BY LEON R. GROSS, HEARING EXAMINER

On June 26, 1959, pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission caused to be issued its complaint in this proceeding to which the above-named parties were respondents. A true copy of said complaint was served upon respondents as required by law. The complaint charges respondents with violating the provisions of the Federal Trade Commission Act by the use of false, misleading and deceptive representations that products sold by them are manufactured entirely in the United States when in fact they are not, and failure to disclose that all or substantial portions of said products are in fact made or manufactured outside the United States, in Japan. After being served with said complaint, respondents appeared by counsel and entered into an agreement dated September 9, 1959, which purports to dispose of all of this proceeding as to all parties without the necessity of conducting a hearing. The agreement has been signed by all of the respondents, their counsel, and by counsel supporting the complaint; and has been approved by the Acting Director and the Assistant Director of the Bureau of Litigation of this Commission. Said agreement contains the form of a consent cease and desist order which the parties have agreed is dispositive of the issues involved in this proceeding. On September 16, 1959, the said agreement was 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 agreed that

the record may be taken as if findings of jurisdictional facts had been duly 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 such 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 record herein shall consist solely of the complaint and said agreement, and that said 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 of 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. J. A. Deknatel & Son, 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 96-20 22nd Street, in the City of Queens Village, State of New York.

Respondents Florence K. Choffel, David E. Golieb and Leonard D. Kurtz are officers of the corporate respondent. They formulate, direct and control the acts and practices of the corporate respondent. Their address is the same 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 Federal Trade Commission Act, and this proceeding is in the interest of the public.

ORDER

It is ordered, That respondents J. A. Deknatel & Son, Inc., a corporation, and its officers, and Florence K. Choffel, David E. Golieb and Leonard D. Kurtz, individually and as officers of said corporation, and respondents' agents, representatives and employees, directly

or through any corporate or other device, in connection with the offering for sale, sale, or distribution of beads or any other product in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Offering for sale or selling any product, the whole or substantial part of which is of foreign origin, without affirmatively and clearly disclosing thereon, or if such method of disclosure is not possible, to affirmatively and clearly disclose in immediate connection therewith, the country of origin of said product or part thereof.

2. Representing, directly or indirectly, in any manner that any product, the whole or any substantial part of which is of foreign origin, is of domestic origin.

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 11th day of November, 1959, 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.