

IN THE MATTER OF
ADAMS QUILTING CORP. ET AL.

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

Docket 7647. Complaint, Nov. 3, 1959—Decision, Mar. 24, 1960

Consent order requiring manufacturers in Long Island City, N.Y., to cease violating the Wool Products Labeling Act by labeling as "100% reprocessed wool," and "80% reused wool, 20% other fibers," quilted interlinings which contained substantially less wool than thus indicated.

Mr. John J. Mathias supporting the complaint.

Mr. Alex. Akerman, Jr., of *Shipley, Akerman and Pickett*, of Washington, D.C., for respondents.

INITIAL DECISION BY LEON R. GROSS, HEARING EXAMINER

On November 3, 1959, the Federal Trade Commission, pursuant to authority granted to it by the Federal Trade Commission Act and the Wool Products Labeling Act, caused a complaint to be issued against the above respondents, charging them with violations of the Wool Products Labeling Act and the Rules and Regulations promulgated by the Commission pursuant to the provisions of said Act. A true copy of said complaint was duly served upon respondents, as required by law. The complaint charges respondents with misbranding wool products sold by respondents in commerce within the intent and meaning of §4(a)(1) of the Wool Products Labeling Act, and with failure to stamp, tag and label wool products sold in commerce as required by §4(a)(2) of the Wool Products Labeling Act, and in the manner and form prescribed by the Rules and Regulations promulgated under said Act.

After being served with the complaint, respondents appeared by counsel. Thereafter respondents entered into an agreement dated January 28, 1960, which purports to dispose of all this proceeding as to all parties without the necessity of conducting a formal hearing. Accompanying the agreement is an affidavit by Harry Adams, president of Adams Quilting Corporation, to the effect that the respondent Natalie Jacaruso does not now have, nor did she ever have, anything to do with formulating, directing, and controlling the acts, practices and policies of the corporate respondent Adams Quilting Corporation. The cease and desist order provided for in the January 28, 1960, agreement dismisses these proceedings as to Natalie Jacaruso without prejudice to the rights of the Commission to take such action in the future as the facts may then warrant. The hearing examiner finds this disposition of the proceedings as to Natalie Jacaruso not to be inimical to the public interest, and these proceedings.

The agreement of January 28, 1960, has been signed by all the respondents except Natalie Jacaruso, their counsel, by counsel supporting the complaint, and has been approved by the Director and the Assistant Director of the Bureau of Litigation of the Federal Trade Commission. In said agreement, respondents, except Natalie Jacaruso, admit all the jurisdictional facts alleged in the complaint and agree that the record may be taken as if findings of jurisdictional facts are duly made in accordance with such allegations. In such agreement the respondents who signed the same waive: any further procedural steps before the hearing examiner and the Commission; the making of findings of fact or conclusions of law; and

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all the rights they may have to challenge or contest the validity of the order to cease and desist entered in accordance with such agreement. The agreement further provides that the record upon which the initial decision and the decision of the Commission shall be based shall consist solely of the complaint and this 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 the 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; that the cease and desist order provided for in said agreement may be entered in this proceeding without further notice to the respondents; and that, when so entered, such cease and desist order shall have the same force and effect as if entered after a full hearing, and may be altered, modified or set aside in the manner provided for other orders. 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 of January 28, 1960, 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; the agreement of January 28, 1960, is hereby accepted and ordered filed at the same time that this decision becomes the decision of the Federal Trade Commission pursuant to §§3.21 and 3.25 of the Commission's Rules of Practice for Adjudicative Proceedings; and

The undersigned hearing examiner having considered the agreement and proposed order and being of the opinion that the acceptance thereof will be in the public interest, makes the following jurisdictional findings, and issues the following order:

JURISDICTIONAL FINDINGS

1. That the Federal Trade Commission has jurisdiction over the parties and the subject matter of this proceeding;

2. Respondent Adams Quilting Corp. 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 42-38 13th Street, Long Island City, New York.

Individual respondents Harry Adams and Salvatore Jacaruso are officers of said corporate respondent. They formulate, direct and control the acts, policies and practices of the corporate respondent. The address of said individual respondents is the same as that of the corporate respondent.

3. Respondents are engaged in commerce as "commerce" is defined in the Federal Trade Commission Act;

4. The complaint herein states a cause of action against said respondents under the Federal Trade Commission Act, and the Wool Products Labeling Act, and this proceeding is in the public interest.

ORDER

It is ordered, That respondent, Adams Quilting Corporation, a corporation, and its officers (except Natalie Jacaruso) Harry Adams, and Salvatore Jacaruso, individually and as officers 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 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 quilted innerlining 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," do forthwith cease and desist from 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 included therein;

2. Failing to affix labels to wool products showing each element of information required to be disclosed by §4(a)(2) of the Wool Products Labeling Act of 1939.

It is further ordered, That the complaint herein, insofar as it relates to respondent Natalie Jacaruso, be, and the same hereby is, dismissed without prejudice to the right of the Commission to take such action in the future as the facts may then warrant.

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 24th day of March, 1960, become the decision of the Commission; and, accordingly:

It is ordered, That respondents Adams Quilting Corp., a corporation, and Harry Adams and Salvatore Jacaruso, individually and as officers of said corporation, 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.

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IN THE MATTER OF

BERNARD LOWE ENTERPRISES, INC., ET AL.

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

Docket 7673. Complaint, Dec. 2, 1959—Decision, Mar. 24, 1960

Consent order requiring Philadelphia manufacturers of phonograph records to cease giving concealed "payola" to disc jockeys of radio and television programs to induce them to "expose," or play frequently, certain of their records to increase sales thereof.

Mr. John T. Walker and Mr. James H. Kelley supporting the complaint.

Blanc, Steinberg, Balder & Steinbrook by *Mr. Sigmund H. Steinberg* of Philadelphia, Pa., for respondents.

INITIAL DECISION BY EDWARD CREEL, HEARING EXAMINER

The Federal Trade Commission issued its complaint against the above-named respondents on December 2, 1959, charging them with having violated the provisions of the Federal Trade Commission Act by unfairly paying money or other valuable consideration to induce the playing of phonograph records over radio and television stations in order to enhance the popularity of such records.

On January 19, 1960 there was submitted to the undersigned hearing examiner an agreement between the above-named respondents, their counsel, and counsel supporting the complaint providing for the entry of a consent order.

Under the foregoing agreement, the respondents admit the jurisdictional facts alleged in the complaint. The parties agree, among other things, that the cease and desist order there set forth may be entered without further notice and have the same force and effect as if entered after a full hearing and the document includes a waiver by the respondents of all rights to challenge or contest the validity of the order issuing in accordance therewith. The agreement further recites that it is for settlement purposes only and does not constitute an admission by the respondents that they have violated the law as alleged in the complaint.

The hearing examiner finds that the content of the agreement meets all of the requirements of Section 3.25(b) of the Rules of the Commission.

The hearing examiner having considered the agreement and proposed order, and being of the opinion that they provide an appro-