
IN THE MATTER OF
DAMASCUS HOSIERY MILLS, INC., ET AL.

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

Docket 7574. Complaint, Sept. 1, 1959—Decision, Apr. 1, 1960

Consent order requiring Damascus, Va., manufacturers to cease violating the Wool Products Labeling Act by labeling as "100% Wool sole cushioning," men's hosiery the soles of which in fact contained a substantial quantity of non-wool fibers, and by failing to disclose on labels the fiber composition of sections of the hosiery which were recognizably distinct.

Mr. Frederick McManus for the Commission.

Mr. Ralph E. Boucher of *Boucher & Boucher*, of Abingdon, Va.,
for respondents.

INITIAL DECISION BY HARRY R. HINKES, HEARING EXAMINER

Pursuant to the provisions of the Federal Trade Commission Act and the Wool Products Labeling Act of 1939, the Federal Trade Commission issued its complaint in this proceeding against the above-named respondents, charging them with violation of the

Federal Trade Commission Act, the Wool Products Labeling Act and the Rules and Regulations promulgated thereunder, in connection with the sale and delivery of certain wool products.

On February 1, 1960 there was submitted to the undersigned hearing examiner an agreement between certain respondents, their counsel and counsel supporting the complaint, providing for the entry of a consent order.

Under the foregoing agreement, R. G. Minton, named as a respondent in this proceeding, is not an officer of Damascus Hosiery Mills, Inc., his employment with that company having terminated on January 15, 1958, or more than eighteen months prior to the issuance of the complaint. Furthermore, R. G. Minton was not served with a copy of the complaint. It is therefore agreed that the complaint should be dismissed as to R. G. Minton. G. A. Hall, another respondent named in this proceeding, has submitted an affidavit indicating that although he is an owner of some of the capital stock of Damascus Hosiery Mills, Inc., he has no control over the policies of the company and his duties and authority are not related in any way to sales or production and specifically not related in any way to the labeling of the products of the corporation. There is no evidence available contradicting this affidavit of G. A. Hall and it is agreed that the complaint should be dismissed insofar as it relates to G. A. Hall as an individual, but not as an officer of said corporate respondent. The term "respondent" hereinafter used, therefore, includes Damascus Hosiery Mills, Inc., B. P. Murphy, individually and as an officer of said corporation, and G. A. Hall as an officer of said corporation.

Under the foregoing agreement the respondents admit all the jurisdictional allegations in the complaint. The agreement also provides that the record on which the initial decision and the decision of the Commission shall be based shall consist solely of the complaint and the agreement; that the inclusion of findings of fact and conclusions of law in the decision disposing of this matter is waived, together with any further procedural steps before the hearing examiner and the Commission; that the order hereinafter set forth may be entered in disposition of the proceeding, such order to have the same force and effect as if entered after a full hearing, the respondents specifically waiving any and all rights to challenge or contest the validity of such order; that the order may be altered or set aside in the manner provided for other orders of the Commission; that the complaint may be used in construing the terms of the order; and that the agreement is for settlement purposes and does not constitute an admission by respondents that they have violated the law as alleged in the complaint.

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Order

The hearing examiner having considered the agreement and proposed order and being of the opinion that they provide an adequate basis for an appropriate disposition of the proceeding as to all of the parties, the agreement is hereby accepted, the following jurisdictional findings made and the following order issued:

1. Respondent Damascus Hosiery Mills, Inc., is a corporation, organized, existing and doing business under and by virtue of the laws of the State of Virginia. Individual respondents B. P. Murphy and G. A. Hall are president and secretary, respectively, of the corporate respondent. Individual respondent B. P. Murphy formulates, directs and controls the acts, policies and practices of the corporate respondent. All respondents have their office and principal place of business on Shady Lane in Damascus, Virginia.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is ordered, That the respondents, Damascus Hosiery Mills, Inc., a corporation, and its officers, and B. P. Murphy, individually and as an officer of said corporation, and G. A. Hall, 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 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 men's hosiery or other wool products, do forthwith cease and desist from misbranding such products by:

1. Falsely and deceptively stamping, tagging or labeling or otherwise falsely 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 manu-

facturer 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.

3. Failing to set forth on stamps, tags, labels or other means of identification attached to such products the information required under Section 4(a)(2)(A) of the Wool Products Labeling Act with respect to each specifically designated section of a wool product composed of two or more sections where such sections are of a different fiber composition and are recognizably distinct.

4. Falsely or deceptively designating the character or amount of the fibers contained in any section of a wool product composed of two or more sections which are recognizably distinct in violation of Rule 23 of the Rules and Regulations promulgated pursuant to the Wool Products Labeling Act of 1939.

It is further ordered, That the complaint be dismissed as to respondent R. G. Minton and as to G. A. Hall as an individual.

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 1st day of April, 1960, become the decision of the Commission; and, accordingly:

It is ordered, That respondents Damascus Hosiery Mills, Inc., a corporation, and B. P. Murphy, individually and as an officer of said corporation, and G. A. Hall, as an officer 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.

IN THE MATTER OF

ROBERT OTTEMBERG TRADING AS
F. H. LEATHER PRODUCTS