

It is ordered, That 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

THE PROVIDENCE IMPORT CO., INC., ET AL.

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

Docket 8137. Complaint, Oct. 12, 1960—Decision, Jan. 12, 1961

Consent order requiring New York City distributors of domestic and imported rugs and floor coverings to cease referring to their "Hamilton" and "Ridgewood" tubular rugs as braided rugs, in price lists and sales literature; and to cease setting out two sizes, one incorrect and the other approximately correct (e.g., 'Appr. size 2x3, actual size 20x30'), for their rugs in advertising and price lists.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission having reason to believe that The Providence Import Co., Inc., a corporation, and Lupa Diamond and Samuel Milgrim, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent The Providence Import Co., 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 place of business located at 10 West 33rd Street, New York, New York. Individual respondents Lupa Diamond and Samuel Milgrim are officers of said corporation. They formulate, direct and control the policies of the corporate respondent. The address of the individual respondent is the same as that of the corporate respondent.

PAR. 2. The respondents are now, and for some time last past have been, engaged in the sale and distribution of rugs and floor coverings some of which are imported from foreign countries. Such imported rugs are labeled and advertised under various names such as Princeton, Ridgewood and Hamilton. Respondents sell and have

sold said rugs and floor coverings to wholesalers and retailers for resale to the public.

PAR. 3. In the course and conduct of their business respondents cause, and have caused, said rugs and floor coverings, when sold, to be shipped from their place of business in the State of New York to purchasers thereof located in various other states, and maintain, and have maintained, a substantial course of trade in said products, in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. Respondents in the conduct of their business, have been, and are, engaged in substantial competition, in commerce, with corporations, firms and individuals engaged in the sale and distribution of rugs and floor coverings.

PAR. 5. In the course and conduct of their business and for the purpose of inducing the purchase of their rugs and floor coverings, respondents through advertisements appearing upon price lists and sales literature have referred to and now refer to their "Hamilton" and "Ridgewood" rugs as braided rugs. By such reference respondents have represented, and now represent, that such rugs are true braided rugs as "braided rugs" are known in the rug industry.

In truth and in fact, the aforementioned rugs of the respondents are not true braided rugs as known in the rug industry, but are known as tubular rugs and are constructed by a process of strands of material being wrapped around and sewn to a core or tube. The true braided rug, on the other hand, is made by the process of strands of material being braided around a single or double core.

PAR. 6. Respondents have engaged in the practice of setting out the sizes of their various rugs in advertising and price lists. For example, their "Hamilton" and "Ridgewood" rugs are described as "Appr. size 2x3, actual size 20x30," and their "Princeton" rugs as "Appr. size 2x3, actual size 22x34". The practice of setting out two sizes, one incorrect and the other correct or approximately correct, is confusing and misleading, and has the tendency to cause dealers to misrepresent the size of respondents' rugs sold by them.

PAR. 7. The use by respondents of the false, misleading, and deceptive statements, representations and practices has had, and now has, the tendency and capacity to mislead and deceive a substantial portion of the purchasing public into the erroneous belief that such statements and representations were and are true, and into the purchase of substantial quantities of respondents' products because of such erroneous and mistaken belief. As a result thereof, substantial trade in commerce has been unfairly directed to respondents from

their competitors and substantial injury has been done to competition in commerce.

PAR. 8. The aforesaid acts and practices of the respondents, as herein alleged, were, and are, all to the prejudice and injury of the public and of respondents' competitors, and constituted, and now constitute, unfair and deceptive acts and practices and unfair methods of competition in commerce, within the intent and meaning of the Federal Trade Commission Act.

Mr. Garland S. Ferguson, supporting the complaint.

Respondents, *pro se*.

INITIAL DECISION BY WALTER K. BENNETT, HEARING EXAMINER

The complaint in this matter dated October 12, 1960 charges that the above-named respondents had violated the provisions of the Federal Trade Commission Act. The complaint alleged that in the course and conduct of their business and for the purpose of inducing the purchase of their rugs and floor coverings, respondents through advertisements appearing upon price lists and sales literature, had made false, misleading and deceptive statements in connection with the construction and size of their products. An agreement has now been entered into by respondents and counsel supporting the complaint which provides, among other things, that respondents admit all of the jurisdictional allegations in the complaint; that the record on which the initial decision and the decision of the Commission shall be based shall consist solely of the complaint and 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, respondents specifically waiving any and all rights to challenge or contest the validity of such order; that the order may be altered, modified, 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 only; does not constitute an admission by respondents that they have violated the law as alleged in the complaint and shall not become part of the official record of the proceeding unless and until it becomes a part of the decision of the Commission.

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

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basis for appropriate disposition of the proceeding, the agreement is hereby accepted, the following jurisdictional findings made, and the following order issued:

1. Respondent The Providence Import Co., Inc., is a corporation existing and doing business under and by virtue of the laws of the State of New York, with its office and place of business located at 10 West 33rd Street, New York, New York.

2. Individual respondents Lupa Diamond and Samuel Milgrim are officers of said corporation. They formulate, direct and control the practices of the corporate respondent. Their address is the same as that of the corporate respondent.

3. 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 respondents The Providence Import Co., Inc., a corporation, and its officers, and Lupa Diamond and Samuel Milgrim, 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 offering for sale, sale and distribution of rugs and floor coverings, or any other products, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using the term "braided" to describe or designate any rug which is not constructed by a braiding process or misrepresenting in any manner the manner of construction of their rugs.

2. Using two or more sets of figures to represent the size of their products which are at variance, or in conflict, or representing directly or indirectly the size of said products to be of larger dimensions than is the fact.

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 12th day of January, 1961, 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
ABRAHAM POLLACK AND WILLIAM POLLACK
TRADING AS REGAL FUR MANUFACTURING COMPANY

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

Docket 8111. Complaint, Sept. 14, 1960—Decision, Jan. 18, 1961

Consent order requiring furriers in Albany, N.Y., to cease violating the Fur Products Labeling Act by failing to comply with labeling, invoicing, and advertising requirements; and, in advertising in newspapers, failing to disclose the names of animals producing certain furs, representing falsely that they manufactured all their products by such statements as "Low overhead factory prices direct to you", and failing to maintain adequate records as a basis for price and value claims.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Fur Products Labeling Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Abraham Pollack and William Pollack, individuals and copartners trading as Regal Fur Manufacturing Company, hereinafter referred to as respondents, have violated the provisions of said Act and the Rules and Regulations promulgated under the Fur Products Labeling Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Abraham Pollack and William Pollack are individuals and copartners trading as Regal Fur Manufacturing Company with their office and principal place of business located at 86 Central Avenue, Albany, New York.

PAR. 2. Subsequent to the effective date of the Fur Products Labeling Act on August 9, 1952, respondents have been and are now engaged in the introduction into commerce, and in the manufacture for introduction into commerce, and in the sale, advertising, and offering for sale, in commerce, and in the transportation and distribution, in commerce, of fur products, and have manufactured for sale, sold, advertised, offered for sale, transported and distributed fur products which have been made in whole or in part of fur which had been shipped and received in commerce as the terms "commerce", "fur" and "fur product" are defined in the Fur Products Labeling Act.