
IN THE MATTER OF
DALLAS 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 7600. Complaint, Sept. 29, 1959—Decision, Apr. 13, 1961

Consent order requiring manufacturers in Dallas, Ga., to cease violating the Wool Products Labeling Act by tagging men's hosiery as "100% WOOL SOLE CUSHIONING—TOP, BODY ALL COTTON" when the soles of such products contained substantially less than 100% wool, and by failing to label recognizably distinct sections as required.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and the Wool Products Labeling Act of 1939, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that Dallas Hosiery Mills, Inc., a corporation,

and Ernest L. Burch, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and the Rules and Regulations promulgated under the Wool 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. Respondent Dallas Hosiery Mills, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Georgia. Respondent Ernest L. Burch is President and a Director of the corporate respondent. Said individual respondent formulates, directs and controls the acts, policies and practices of the corporate respondent, including the acts and practices herein referred to. All respondents have their office and principal place of business at Dallas Hosiery Mills, Inc., Main Street, Dallas, Georgia.

PAR. 2. Subsequent to the effective date of the Wool Products Labeling Act of 1939 and more especially since 1957, respondents have manufactured for introduction into commerce, introduced into commerce, sold, transported, distributed, delivered for shipment and offered for sale in commerce, as "commerce" is defined in said Act, wool products as "wool products" are defined therein.

PAR. 3. Certain of said wool products were misbranded by respondents within the intent and meaning of Section 4(a)(1) of the Wool Products Labeling Act of 1939 and the Rules and Regulations promulgated thereunder in that they were falsely and deceptively stamped, tagged or labeled with respect to the character and amount of the constituent fibers contained therein. Among such misbranded wool products were men's hosiery stamped, tagged or labeled by respondents as:

100% WOOL
SOLE CUSHIONING
TOP, BODY ALL COTTON

Through the use of such identifications the respondents represented that said wool products were composed of cotton except for the soles thereof, which portions were represented as consisting of 100% wool, whereas in truth and in fact, the wool content of these portions of said wool products was substantially less than 100%.

PAR. 4. Certain of said wool products were further misbranded by respondents in that they were not stamped, tagged or labeled as required under the provisions of Section 4(a)(2) of the Wool Products Labeling Act and in the manner and form prescribed by the Rules and Regulations promulgated under the said Act.

PAR. 5. Certain of said wool products were further misbranded in violation of the Wool Products Labeling Act in that they were not labeled in accordance with the Rules and Regulations promulgated thereunder in that they failed to disclose, by sections which are recognizably distinct, the fiber content required to be stated upon the stamp, tag, label or other means of identification in such a manner as to show the fiber composition of each section in violation of Rule 23 of the Rules and Regulations promulgated under the Wool Products Labeling Act.

Among such misbranded wool products were men's hosiery stamped, tagged or labeled as follows:

100% WOOL
SOLE CUSHIONING
TOP, BODY ALL COTTON

Through the use of such identification the respondents represented that the soles of said hose were composed of 100% wool, whereas, in truth and in fact, the wool content of that portion of said wool products was substantially less than 100%.

PAR. 6. Respondents in the course and conduct of their business as aforesaid and as hereinafter set forth were and are in competition in commerce with other corporations, firms and individuals likewise engaged in the manufacture and sale of hosiery containing wool.

PAR. 7. The aforesaid acts and practices of respondents were, and are in violation of the Wool Products Labeling Act of 1939 and the Rules and Regulations promulgated thereunder and constituted, and now constitute, unfair methods of competition and unfair and deceptive acts and practices, in commerce, within the intent and meaning of said Act.

PAR. 8. In the course and conduct of their business as aforesaid, respondents have made various statements concerning their said products on sales invoices and shipping memoranda covering shipments of their said products in commerce.

Among and typical but not all inclusive of such statements are the following: "Transfer to read: #1 transfer. 100% WOOL CUSHION SOLE, 65% COTTON, 35% WOOL."

PAR. 9. The aforesaid statements were false, misleading and deceptive since, in truth and in fact, respondents' product represented as 65% cotton, 35% wool, 100% wool cushion sole, contained no wool except for the sole thereof and the wool content of that portion of said wool product was substantially less than 100%. Moreover, the percentage by weight of wool in said product was substantially less than 35%.

PAR. 10. The use by respondents of false, misleading and deceptive statements and representations on invoices and shipping memoranda as aforesaid had, and now has, the tendency and capacity to cause others to misrepresent such products to their customers.

PAR. 11. The acts and practices of said respondents as hereinabove alleged in Paragraph Eight were all to the prejudice and injury of the public and 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. Charles S. Cox for the Commission.

Wright, Rogers, Magruder & Hoyt, of Rome, Ga., by *Mr. Dudley B. Magruder, Jr.*, for respondents.

INITIAL DECISION BY EDWARD CREEL, HEARING EXAMINER

The Federal Trade Commission issued its complaint against the above-named respondents on September 29, 1959, charging them with violation of the Federal Trade Commission Act and the Wool Products Labeling Act of 1939 in connection with the distribution or sale of wool products, including men's hosiery.

On February 17, 1961, there was submitted to the undersigned hearing examiner an agreement between respondents, their counsel, and counsel supporting the complaint providing for the entry of a consent order.

Under the terms of the 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 §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 appropriate basis for settlement and disposition of this proceeding, hereby accepts the agreement, and it is ordered that said agreement shall not become a part of the official record unless and until it becomes

Order

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a part of the decision of the Commission. The following jurisdictional findings are made and the following order issued:

1. Respondent Dallas Hosiery Mills, Inc., is a Georgia corporation, and respondent Ernest L. Burch is President and a Director of the corporate respondent. Said individual respondent formulates, directs and controls the acts, practices and policies of the corporate respondent. All respondents have their office and principal place of business at Dallas Hosiery Mills, Inc., Main Street, Dallas, Georgia.

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 respondents Dallas Hosiery Mills, Inc., a corporation, and its officers, and Ernest L. Burch, 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 defined in the Federal Trade Commission Act and the Wool Products Labeling Act of 1939, of hosiery composed in whole or in part of wool or other wool products, as such products are defined in and subject to the Wool Products Labeling Act of 1939, 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 Section 4(a)(2) of the Wool Products Labeling Act of 1939; provided, however, that the over-all content of the wool products need not be given if such products are labeled in accordance with Rule 23 of the Rules and Regulations promulgated under said Act.

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

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Complaint

Rule 23 of the Rules and Regulations promulgated pursuant to the Wool Products Labeling Act of 1939.

It is further ordered, That the charges contained in Paragraph Ten of the complaint be, and the same hereby are, dismissed.

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 13th day of April 1961, become the decision of the Commission; and, accordingly:

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.
