

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
TEXTILE MILLS COMPANY ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION AND THE TEXTILE FIBER PRODUCTS IDENTIFICATION ACTS

Docket 8279. Complaint, Jan. 27, 1961—Decision, July 8, 1961

Consent order requiring Chicago manufacturers of textile fiber products to cease violating the Textile Fiber Products Identification Act by falsely identifying ironing board covers on labels, invoices, and in advertising, as "50% Asbestos, balance 44% cotton, 6% rayon", when the covers contained substantially less asbestos and more cotton and rayon than so represented; by failing to label certain textile fiber products as required; and by furnishing false guaranties that their products were not misbranded.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Textile Fiber Products Identification Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Textile Mills Company, a corporation, and Kurt Goldsmith and John H. Niebuhr, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of such Acts and the Rules

and Regulations under the Textile Fiber Products Identification 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 Textile Mills Company is a corporation duly organized under the laws of the State of Illinois, with its principal place of business at 2762 Clybourn Avenue, Chicago, Illinois.

Individual respondent Kurt Goldsmith is President and individual respondent John H. Niebuhr is Vice President of the said corporate respondent. Said individual respondents formulate, direct and control the acts, practices and policies of the corporate respondent. The office and principal place of business of the individual respondents is the same as that of the corporate respondent.

PAR. 2. Subsequent to the effective date of the Textile Fiber Products Identification Act on March 3, 1960, respondents have been and are now engaged in the introduction, delivery for introduction, manufacture for introduction, sale, advertising and offering for sale, in commerce, and in the transportation or causing to be transported in commerce, and in the importation into the United States of textile fiber products; and have sold, offered for sale, advertised, delivered, transported and caused to be transported, after shipment in commerce, textile fiber products, either in their original state or which were made of other textile products so shipped in commerce, as the terms "commerce" and "textile fiber products" are defined in the Textile Fiber Products Identification Act.

PAR. 3. Certain of said textile fiber products were misbranded by respondents in that they were falsely and deceptively stamped, tagged, labeled, invoiced, advertised or otherwise identified as to the name or amount of constituent fibers contained therein.

Among such textile fiber products were ironing board covers labeled "Center panel cover: 50% Asbestos, balance 44% cotton, 6% rayon". In truth and in fact, such ironing board covers contained substantially less asbestos and substantially more cotton and rayon than they were so represented.

PAR. 4. Certain of said textile fiber products, to wit, ironing board covers, were misbranded by respondents in that they were not stamped, tagged or labeled with the information required under Section 4(b) of the Textile Fiber Products Identification Act, and in the manner and form as prescribed by the Rules and Regulations promulgated under such Act.

PAR. 5. The respondents have furnished false guaranties that their textile fiber products were not misbranded in violation of Section 10 of the Textile Fiber Products Identification Act.

PAR. 6. The respondents, in the course and conduct of their business as aforesaid, were and are in substantial competition with other corporations, firms and individuals likewise engaged in the manufacture and sale of textile fiber products, including ironing board covers, in commerce.

PAR. 7. The acts and practices of respondents as set forth herein were in violation of the Textile Fiber Products Identification Act and the Rules and Regulations promulgated thereunder, 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. William A. Somers for the Commission.

Arnold, Fortas & Porter, by *Mr. Abe Krash*, of Washington, D.C., and *Schwartz & Freeman*, of Chicago, Ill., for respondents.

INITIAL DECISION BY RAYMOND J. LYNCH, HEARING EXAMINER

The complaint in this proceeding, issued January 27, 1961, charges the above-named respondents with violation of the provisions of the Federal Trade Commission Act and the Textile Fiber Products Identification Act and the Rules and Regulations issued thereunder.

On May 3, 1961, there was submitted to the undersigned hearing examiner an agreement between respondents 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, and that the complaint may be used in construing the terms of the order.

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 agreement further provides that the complaint insofar as it concerns respondent Kurt Goldsmith, in his

individual capacity only, should be dismissed for the reasons set forth in an affidavit attached thereto to the effect that said respondent did not participate in and had no knowledge of the acts and practices challenged in this proceeding.

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, the agreement is hereby accepted, and it is ordered that said agreement shall not become a part of the official record unless and until it becomes a part of the decision of the Commission. The following jurisdictional findings are made and the following order issued:

1. Respondent Textile Mills Company is a corporation duly organized under the laws of the State of Illinois, with its principal place of business at 2762 Clybourn Avenue, Chicago, Illinois.

Respondent Kurt Goldsmith is President and respondent John H. Niebuhr is Vice President of the said corporate respondent. The office and principal place of business of the individual respondents 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, and the proceeding is in the public interest.

ORDER

It is ordered, That respondents Textile Mills Company, a corporation, and its officers, and Kurt Goldsmith, as an officer of said corporation, and John H. Niebuhr, individually and as an officer of said corporation, and their representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction, delivery for introduction, manufacture for introduction, sale, advertising and offering for sale, in commerce, and in the transportation or causing to be transported in commerce, and the importation into the United States of textile fiber products; selling, offering for sale, advertising, delivering, transporting, or causing to be transported, textile fiber products which have been advertised or offered for sale in commerce, and with selling, offering for sale, advertising, delivering, transporting, and causing to be transported, after shipment in commerce, textile fiber products, either in their original state or which have been made of other textile fiber products shipped in commerce, as the term "commerce" is defined in the Textile Fiber Products Identification Act, of ironing board covers or other "textile fiber products", as such products

are defined in and subject to the Textile Fiber Products Identification Act, do forthwith cease and desist from:

A. Misbranding textile fiber products by:

1. Falsely and deceptively stamping, tagging, labeling, invoicing, advertising, or otherwise identifying such products as to the name or amount of constituent fibers contained therein.

2. Failing to affix labels to such products showing each element of information required to be disclosed by Section 4(b) of the Textile Fiber Products Identification Act.

B. Furnishing false guaranties that textile fiber products are not misbranded under the provisions of the Textile Fiber Products Identification Act.

It is further ordered, That the complaint be dismissed as to Kurt Goldsmith individually, but not as an officer of said corporate respondent.

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 8th day of July 1961, become the decision of the Commission; and, accordingly:

It is ordered, That respondents Textile Mills Company, a corporation, Kurt Goldsmith, as an officer of said corporation, and John H. Niebuhr, individually and 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.