

Complaint

61 F.T.C.

IN THE MATTER OF

CHEMSTRAND CORPORATION

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

Docket 8477. Complaint, Apr. 5, 1962—Decision, Nov. 1, 1962

Order dismissing—following dissolution of the offending corporation, and because of the short duration of the challenged advertising and the affidavits of responsible officers that it would not appear again—complaint charging the manufacturer of "Acrilan" acrylic fiber with disparaging reprocessed acrylic fiber and its producers, and representing falsely that its product was superior to all reprocessed acrylic fiber available for use in the manufacture of blankets.

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 Chemstrand Corporation, a corporation, hereinafter referred to as respondent, has 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 Chemstrand Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at 350 Fifth Avenue in the city of New York, State of New York.

PAR. 2. Respondent is now, and for some time last past has been, engaged in the manufacture, advertising, offering for sale, sale and distribution of acrylic fiber under the trademark of "Acrilan" to mills and manufacturers.

PAR. 3. In the course and conduct of its business, respondent now causes, and for some time last past has caused, its said product, when sold, to be shipped from its place of business in the State of Alabama to purchasers thereof located in various other States of the United States, and maintains, and at all times mentioned herein has maintained, a substantial course of trade in said product in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of its business, and for the purpose of inducing the sale of its acrylic fiber, respondent has made certain

statements in advertisements with respect to the quality and characteristics of the reprocessed acrylic fiber manufactured by its competitors, typical and illustrative, but not all inclusive of which, are the following:

Will you be a junkman by fall? Blankets made of junk fibers labeled "acrylic" will be flooding the market masquerading as quality merchandise.

As long ago as last year, it became clear that many fast-buck operators would use the new labeling law as an excuse for palming off sub-standard products under their generic names.

These loophole artists expect a free ride on the public acceptance earned by blankets of quality **BRANDED** fibers.

... unscrupulous merchants selling cheap rag-bag imitations.

... inferior imitations that merely *sound* like quality merchandise.

... a massive consumer education job to distinguish between the excellent and the junk.

And to make sure the consumer understands this fact, CHEMSTRAND'S advertising will be slugging it home time and again.

Why not build on the reputation you've worked so many years to earn rather than tossing it out the window while a mess of junk walks in the door.

No merchant with integrity wants to re-peddle a load of junk.

NOTICE! PEDDLERS, SOLICITORS, JUNK—ACRYLIC FIBER SELLERS—USE DELIVERY ENTRANCE—TO SOMEBODY ELSE'S STORE!

Chemstrand advertising and in-store promotion will continue to shoot hard—harder than ever—for the tenth consumer. And it will continue to pound in and pound in and pound in the big "A" trademark into the awareness of *every* consumer. There will be no let-up in the big "A" barrage.

So when a junk-acrylic hawker knocks on your door, he'll be hawking something nobody wants!

So don't let him in!

These statements appeared in full-page advertisements in newspapers of interstate circulation, in conjunction with illustrations depicting a tramp-like rag-picker next to, or carrying, a burlap sack apparently filled with reprocessed acrylic fiber.

PAR. 5. Through the use of the aforesaid statements and illustrations:

(a) Respondent has represented that its acrylic fiber is superior in material respects to all reprocessed acrylic fiber available for use in the manufacture of blankets.

(b) Respondent has disparaged reprocessed acrylic fiber by representing that said fiber is junk, sub-standard, cheap, imitation, and inferior in quality and character in all material respects to respondent's acrylic fiber, and

(c) Respondent has disparaged the producers of said reprocessed acrylic fiber by representing that said producers are fast-buck operators, loophole artists, unscrupulous merchants, and peddlers, solicitors and hawkers of junk fibers.

PAR. 6. Said statements and representations were, and are, false, misleading, deceptive and disparaging. In truth and in fact:

(a) Respondent's acrylic fiber is not superior in material respects to all reprocessed acrylic fiber available for use in the manufacture of blankets,

(b) Said reprocessed acrylic fiber is not junk, sub-standard, cheap, imitation, or inferior in quality and character in all material respects to respondent's acrylic fiber, and

(c) Said producers of this reprocessed acrylic fiber are not fast-buck operators, loophole artists, unscrupulous merchants, or peddlers, solicitors and hawkers of junk fibers.

PAR. 7. In the conduct of its business, at all times mentioned herein, respondent has been in substantial competition, in commerce, with corporations, firms and individuals in the sale of acrylic fiber of the same general kind and nature as that sold by respondent.

PAR. 8. The use by respondent of the aforesaid false, misleading, deceptive, and disparaging statements, representations and practices has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true and into the purchase of substantial quantities of respondent's product by reason of said erroneous and mistaken belief.

PAR. 9. The aforesaid acts and practices of respondent, as herein alleged, were and are all to the prejudice and injury of the public and of respondent's competitors and constituted, and now constitute, unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce, in violation of Section 5 of the Federal Trade Commission Act.

Mr. Sheldon Feldman and *Mr. Terral A. Jordan* in support of the complaint.

Mr. Thomas J. Lynch, of *Foley & Lynch*, of Washington, D.C., and *Mr. C. Brent Holleran*, of New York, N.Y., for respondent.

INITIAL DECISION BY ANDREW C. GOODHOPE, HEARING EXAMINER

The Commission's complaint in this matter issued April 5, 1962, and was served upon respondent on April 9, 1962, charging a violation of Section 5 of the Federal Trade Commission Act for allegedly false and disparaging statements in newspaper advertising concerning competing products.

On April 24, 1962, the respondent Chemstrand, a Delaware Corporation, ceased to exist by operation of law since it was merged into the Monsanto Chemical Company, a Delaware corporation.

Monsanto, by its counsel, has filed an answer in which it moves that the complaint be dismissed. Counsel in support of the complaint have in turn moved that Monsanto be substituted as the proper party respondent in lieu of the now defunct corporation, Chemstrand, and that the charges in the complaint be amended in certain respects which the examiner has not considered in this decision. A preliminary hearing was held in this matter on June 20, 1962, at which the parties were heard in support of their motions.

The facts pertinent to the disposition of the motions are not in substantial dispute and are as follows:

1. Respondent, Chemstrand, was incorporated on May 16, 1949. Until January 17, 1961, Monsanto and the American Viscose Corporation each owned 50% of the shares of stock issued and outstanding of Chemstrand. Monsanto and Viscose possessed and exercised equal voting rights in the election of Directors and other stockholder rights and privileges in Chemstrand. During this time, Monsanto and Viscose each elected an equal number of Directors of Chemstrand, with any additional odd-numbered Director being chosen by agreement between them. Officers of Chemstrand were appointed by the Board of Directors, thus chosen.

2. On January 17, 1961, Monsanto acquired from Viscose its total shares of stock (5,000 or 50% of the total of such shares) in Chemstrand and \$9,500,000, 4% subordinated notes due April 1, 1977, of Chemstrand in exchange for 3,540,000 shares of common stock (about 13%) of Monsanto. These Monsanto shares are held by the Wilmington Trust Company under an escrow agreement which provides for the shares to be voted by the depository under instructions from shareholders of Viscose in proportion to their various holdings.

3. Following January 17, 1961, until April 24, 1962, Monsanto alone exercised voting control in the selection of Directors and other shareholder rights and privileges in Chemstrand Corporation. On April 24, 1962, Chemstrand was dissolved and has been an operating division of Monsanto since that time.

4. The advertisements challenged in the complaint appeared in approximately May and June of 1960, during the time of the joint ownership of Chemstrand by Monsanto and Viscose. The advertisements appeared in a trade journal, the Daily News Record, which has subscription appeal primarily to the textile industry. No other advertising of like or similar content has appeared since May and June of 1960 in any publication at the instance of Chemstrand or Monsanto.

5. Edward A. O'Neal, Jr., who is currently the "president" of "Chemstrand Company, a division of Monsanto Chemical Company," was the president of Chemstrand from 1956 till the corporation was dissolved in April 1962 at which time he assumed his present position. He has been a member of the Board of Directors of Monsanto since January 1961 and since April 1962 has been a Vice-President of Monsanto. Consequently, he occupied no position in Monsanto as of the time the advertisements in question appeared in 1960. Five of the members of the Board of Directors of Chemstrand at the time the ads in question appeared were and are still Directors of Monsanto.

6. There is no evidence that the ads in question ever came to the attention of the Board of Directors of Monsanto or any of its officers or employees at the time of their publication. There is no evidence that Monsanto, through any of its officers or employees, exercised any control other than the selection of its Board of Directors over the operations of Chemstrand or over its advertising policies or programs. In fact, such control is specifically disclaimed in an affidavit of Mr. O'Neal submitted in support of the motion to dismiss the complaint. Counsel in support of the complaint were given an opportunity by the examiner to seek evidence of control of Chemstrand by Monsanto and declined. (Tr. pp. 25-30)

7. The ads in question appeared in May and June of 1960. The first contact by the Commission with Chemstrand or Monsanto was a year later in May 1961. No further advertising of a like or similar nature has ever appeared at the instance of either Chemstrand or Monsanto. An affidavit submitted by Robert E. Smith, the man responsible for advertising in the Chemstrand division, states that such ads have been abandoned and instructions given that none are ever to appear again.

Preliminarily, it is apparent that the complaint must be dismissed as to the defunct corporation, Chemstrand. No purpose could be served by proceeding further against this now non-existent corporation. *Galter v. FTC*, 186 F. 2d 810, 815 (7th Cir., 1951) 5 S&D 252.

The issue remains as to whether Monsanto, the legal corporate successor to Chemstrand should, at this time, be substituted as the proper party respondent.

Commission counsel urge that this should be done and have so moved. In support of their motion, Commission counsel point out that there has been no fundamental change in the operations of Chemstrand between the time the ads appeared and the present. As found above, the principal officer, O'Neal, President of Chemstrand at the time the ads appeared, is still the principal executive officer of the Chemstrand Division, and five of the twelve directors of Chemstrand when the ads

appeared are still directors of Monsanto. Commission counsel also observe that Viscose still has an interest in Chemstrand since it now owns 13% of the outstanding shares of Monsanto. Consequently, they urge that the continuity of business operations, management and ownership of Chemstrand provides a sound basis for substituting Monsanto as respondent in lieu of Chemstrand.

Counsel for Monsanto, on the other hand, urges that Monsanto cannot now be held accountable for the ads of its then partially ($\frac{1}{2}$) owned subsidiary unless there is at least some evidence that at about the time the ads appeared Monsanto so dominated and controlled the operation of Chemstrand that their separate corporate existences at the time may be disregarded and, therefore, that the acts of Chemstrand may be treated in reality as those of Monsanto.

The evidence in the record is not sufficient to support a finding that Monsanto, by reason of its relationship with Chemstrand, can be held liable for the violation of the Federal Trade Commission Act as charged in the complaint. The record in this proceeding is devoid of any substantial evidence that Monsanto at the time the ads appeared maintained such complete control of Chemstrand as to render it a mere tool or *alter ego* warranting a conclusion that the corporate entity of Chemstrand should be disregarded. *National Lead Company v. FTC*, 227 F. 2d 825, 828 (7th Cir., 1955), 5 S&D 749, Rev'd. on other grounds, 352 U.S. 419 (1957), *Press Co. v. N.L.R.B.*, 118 F. 2d 937, 946-947 (D.C. Cir. 1940), cert. denied 313 U.S. 595, *Baim & Blank, Inc. v. Philco Corp.*, 148 F. Supp. 541 (EDNY, 1957).

Commission counsel also rely upon the provisions of the Delaware Corporation law, under which both Chemstrand and Monsanto were incorporated, to the effect that successor corporations assume the liabilities and obligations of the corporations they replace. The examiner is of the opinion that these provisions are similar in purpose and intent to the provision in the Illinois Revised Statutes discussed in *Galter v. FTC* (supra). This case held that similar provisions do not provide a basis for the Commission seeking an injunction against dissolved corporations prohibiting future acts and practices. In the examiner's opinion, the provision of the Delaware code relied on by Commission counsel cannot be interpreted so broadly as to permit the Commission to enter a cease and desist order prohibiting possible future acts by Monsanto based upon the past actions of Chemstrand. The provisions of the Delaware code simply extend creditor rights against the prior corporation to the successor corporation the same as the provision for a two year extension of creditor rights beyond dissolution discussed in the Galter case. Consequently, the motion by

Commission counsel to substitute Monsanto as respondent must be denied.

In addition, counsel for Monsanto argue that the type of ads under scrutiny in this proceeding have in good faith been long abandoned justifying a dismissal of the complaint. The ads appeared in May and June of 1960. The first contact with Chemstrand by the Commission was May 1961 and the complaint issued in April 1962. Responsible officers of Monsanto have filed affidavits asserting that this type of advertising was abandoned in 1960 promptly after they appeared and that no such ever will appear again. This abandonment occurred without any action or even threat of action by the Commission. The examiner is of the opinion that the advertising has been abandoned in good faith by the Chemstrand Division and will not again appear. *Eugene Dietzgen Co. v. FTC*, 142 F. 2d 321 (7th Cir., 1944) 4 S&D 117. See also *Ward Baking Co.*, 54 FTC 1919 (1958), FTC Docket 6833 and cases cited therein. The motion to dismiss the complaint on the grounds of discontinuance of the ads is granted.

CONCLUSIONS

1. The complaint must be dismissed as to the now defunct corporation Chemstrand.
2. The record provides no basis for substituting Monsanto as respondent in lieu of Chemstrand.
3. The advertising in question has been abandoned in good faith, with no likelihood that it will be resumed.

ORDER

It is ordered, That the complaint be dismissed.

DECISION AND ORDER DISMISSING COMPLAINT

On September 11, 1962, the Commission, on its own motion, placed this case on its docket for review. The Commission has concluded that the complaint was correctly dismissed because of the short duration of the advertising in question, the affidavits of responsible officers of Chemstrand assuring the Commission that the advertising challenged in the complaint will not appear again, and the acquisition and dissolution of the respondent by another corporation render further litigation under the present complaint inappropriate. We do not accept or reject, however, the views expressed by the examiner concerning the legal significance of the acquisition as a bar to continued proceedings.

It is ordered, That the complaint in this proceeding be, and it hereby is, dismissed.

Complaint

IN THE MATTER OF

ABBOT MILLS, INC., ET AL.

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

Docket C-264. Complaint, Nov. 2, 1962—Decision, Nov. 2, 1962

Consent order requiring New York City converters and jobbers of textile fabrics to cease violating the Textile Fiber Products Identification Act by labeling as "65% rayon, 35% silk", fabrics which contained substantially less than 35% silk, and failing to show on labels on imported products the true percentage of fibers by weight and the name of the foreign country of origin; and to cease representing themselves falsely as manufacturers by use of the word "Mills" in their corporate name, when in fact they either bought fabrics already finished or paid independent contractors to manufacture or finish raw materials or uncompleted products.

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 Abbot Mills, Inc., a corporation, and Edward H. Rothstein, James Olkein, and Arthur L. Schwartz, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and the Rules and Regulations promulgated 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 Abbot Mills, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

Individual respondents Edward H. Rothstein, James Olkein, and Arthur L. Schwartz are officers of the corporate respondent and formulate, direct and control the acts, practices and policies of the corporate respondent, including the acts and practices complained of herein.

Respondents are converters and jobbers of textile fabrics with their office and principal place of business located at 1412 Broadway, New York, N.Y.

PAR. 2. Subsequent to the effective date of the Textile Fiber Products Identification Act on March 3, 1960, respondents have and are

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now engaged in the introduction, delivery 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; and have sold, offered for sale, advertised, delivered, transported and caused to be transported, textile fiber products which have been advertised or offered for sale in commerce; 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 contained in other textile fiber products, as the terms "commerce" and "textile fiber product" are defined in the Textile Fiber Products Identification Act.

PAR. 3. Certain of said textile fiber products were misbranded by respondents within the intent and meaning of Section 4(a) of the Textile Fiber Products Identification Act and the Rules and Regulations promulgated thereunder, in that they were falsely and deceptively stamped, tagged, labeled, invoiced, advertised or otherwise identified as to the name or amount of the constituent fibers contained therein.

Among such textile fiber products, but not limited thereto, were fabrics labeled and invoiced by respondents as "65% rayon, 35% silk", whereas, in truth and in fact, such fabrics contained substantially less silk than represented.

PAR. 4. Certain of said textile fiber products were further misbranded by respondents in that they were not stamped, tagged, or labeled as required under the provisions of 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 said Act.

Among such misbranded textile fiber products, but not limited thereto, were fabrics with labels which failed:

- (a) To show the true percentage of the fibers present by weight.
- (b) To show the name of the country from which such textile fiber products were imported.

PAR. 5. The acts and practices of respondents, as set forth above, were, and are, 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.

PAR. 6. In the course and conduct of their business, respondents now cause, and for some time last past have caused, their products, including

textile fabrics, when sold, to be shipped from their place of business in the State of New York to purchasers thereof in various other states of the United States and maintain, and at all times mentioned herein have maintained a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 7. In the course and conduct of their business in soliciting the sale of and in selling textile fabrics, respondents do business under the name Abbot Mills, Inc., and use said name on letterheads, invoices, labels and tags, and in various advertisements of their products.

PAR. 8. Through the use of the word "Mills" as part of respondents' corporate name, respondents represent that they own or operate mills or factories in which the textile products sold by them are manufactured.

PAR. 9. In truth and in fact respondents do not own, operate or control the mills or factories where the textile fabrics sold by them are manufactured, but in some instances, buy finished fabrics from others, and in other instances, purchase raw materials or unfinished fabrics from others and pay independent contractors to manufacture or finish such fabrics. The aforesaid representations are therefore false, misleading and deceptive.

PAR. 10. There is a preference on the part of many dealers to buy products, including textile fabrics, directly from factories or mills, believing that by doing so lower prices and other advantages thereby accrue to them.

PAR. 11. In the conduct of their business, at all times mentioned herein, respondents have been in substantial competition, in commerce, with corporations, firms and individuals in the sale of textile products of the same general kind and nature as those sold by respondents.

PAR. 12. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has, the capacity and tendency to mislead dealers and other purchasers into the erroneous and mistaken belief that said statements and representations were, and are, true, and into the purchase of substantial quantities of respondents' products by reason of said erroneous and mistaken belief.

PAR. 13. The aforesaid acts and practices of respondents as alleged in paragraphs 6 through 12 were, and are, to the prejudice and injury of the public and of respondents' competitors, and constituted, and now constitute unfair methods of competition and unfair and deceptive acts and practices in commerce in violation of Section 5(a) (1) of the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondents named in the caption hereof with violation of the Federal Trade Commission Act and the Textile Fiber Products Identification Act, and the respondents having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by respondents of all the jurisdictional facts set forth in the complaint to issue herein, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as set forth in such complaint, and waivers and provisions as required by the Commission's rules; and

The Commission, having considered the agreement, hereby accepts same, issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent, Abbot Mills, 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 principal place of business located at 1412 Broadway, in the city of New York, State of New York.

Respondents Edward H. Rothstein, James Olkein, and Arthur L. Schwartz are officers of said corporation and their address is the same as that of said corporation.

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 Abbot Mills, Inc., a corporation, and its officers, and Edward H. Rothstein, James Olkein, and Arthur L. Schwartz, 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, delivery for introduction, sale, advertising, or offering for sale, in commerce, or the transportation or causing to be transported in commerce, or the importation into the United States, of any textile fiber product; or in connection with the sale, offering for sale, advertising, delivery, transportation, or causing to be transported, of any textile

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fiber product which has been advertised or offered for sale in commerce; or in connection with the sale, offering for sale, advertising, delivery, transportation, or causing to be transported, after shipment in commerce, of any textile fiber product, whether in its original state or contained in other textile fiber products, as the terms "commerce", and "textile fiber product" are defined in the Textile Fiber Products Identification Act, do forthwith cease and desist from:

A. Misbranding textile fiber products by:

1. Falsely or 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, or when permitted by Section 3(d)(5) of the Act to invoice such products in the manner provided by law, showing each element of information required to be disclosed by Section 4(b) of the Textile Fiber Products Identification Act.

It is further ordered, That respondents Abbot Mills, Inc., a corporation, and its officers, and Edward H. Rothstein, James Olkein, and Arthur L. Schwartz, 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 or distribution of textile fabrics or any other textile products in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from directly or indirectly, using the word "Mills", or any other word or term of similar import or meaning, in or as a part of respondents' corporate or trade name, or representing in any other manner that respondents perform the functions of a mill or otherwise manufacture the textile fabrics or other textile products sold by them, unless and until respondents own and operate, or directly and absolutely control the mill wherein said textile fabrics or other textile products are manufactured.

It is further 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 this order.

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IN THE MATTER OF

BAIN'S, INC., ET AL.

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

Docket C-265. Complaint, Nov. 2, 1962—Decision, Nov. 2, 1962

Consent order requiring Los Angeles furriers to cease violating the Fur Products Labeling Act by failing to show on invoices of fur products the true animal name of furs and the country of origin of imported furs and to disclose when fur was artificially colored; failing, on invoices, to use the term "Dyed Broadtail-processed Lamb" and on invoices and newspaper advertising to use the word "natural" where required; and failing to comply with other invoicing requirements and to maintain adequate records as a basis for pricing 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 Bain's, Inc., a corporation, and its officers, and Charles Bain, Sonny Bain, Mac Rosen and Jack E. Slote, individually and as officers of said corporation, hereinafter referred to as respondents have violated the provisions of said Acts 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. Respondent Bain's, Inc., is a corporation, organized, existing and doing business under and by virtue of the laws of the State of Nevada.

Individual respondents Charles Bain, Sonny Bain, Mac Rosen, and Jack E. Slote are officers of the corporate respondent and formulate, direct and control the acts, practices and policies of the corporate respondent, including those hereinafter set forth.

Respondents are retailers of fur products with stores located in Las Vegas, Nev., and Los Angeles, Calif., and have their principal office at 1108 South La Cienega Boulevard, Los Angeles, Calif.

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 sale, advertising, and offering for sale, in commerce, and in the transportation and distribution, in commerce of fur products; and have sold, advertised,