

Complaint

IN THE MATTER OF

THE READER'S DIGEST ASSOCIATION, INC.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT*Docket C-626. Complaint, Dec. 10, 1963—Decision, Dec. 10, 1963*

Consent order requiring publishers of magazines, books, phonograph records, etc., with main office at Pleasantville, N.Y., to cease representing falsely in advertising that their "BEST SELLERS" volume could be obtained "free", "absolutely free", or as a "paid in full gift", etc., when a binding obligation was incurred by persons accepting the book; that their Reader's Digest magazine sold regularly at \$4.00 but that because of their profit sharing policy subscribers were entitled to a *greatly reduced price* of only \$2.97, and that a subscriber was obligated to continue his subscription and to pay the latter price unless he took affirmative action of cancelling his subscription; and representing falsely on the letterhead of "The Mail Order Credit Reporting Association, Inc." that delinquent accounts had been turned over to an independent collection agency with instructions to take all necessary legal steps to collect amounts due, when the purported collection agency was only a mailing address utilized by respondent.

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 Reader's Digest Association, Inc, 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 The Reader's Digest Association, Inc., 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 Pleasantville, in the State of New York.

PAR. 2. Respondent is now, and for some time last past has been, engaged in the publishing, advertising, offering for sale, sale and distribution of magazines, books, phonograph records and other articles of merchandise to the public.

PAR. 3. In the course and conduct of its business, respondent now causes, and for some time last past has caused, its said products when sold, to be shipped from its place of business in the State of New York and from various other sources of supply in the States of Massachusetts and Indiana to purchasers thereof located in various other

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states of the United States and in the District of Columbia and maintains, and at all times mentioned herein has maintained, a substantial course of trade in said products 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 books, respondent has made certain statements and representations by advertisements in magazines and in pamphlets, brochures and other advertising materials disseminated by and through the United States mail to subscribers and others on its own and other mailing lists.

Typical and illustrative of such statements and representations, but not all inclusive thereof, are the following excerpts from one five piece mailing packet distributed by the respondent to potential customers:

a. On the mailing envelope in large black print: YOUR COPY OF A MAGNIFICENT NEW BOOK IS

PAID IN FULL

b. On a large, multi-colored advertising piece at the top of the front side in large conspicuous letters: Regular Price \$2.73 — YOURS *absolutely* FREE-BEST SELLERS from READER'S DIGEST CONDENSED BOOKS. On the reverse side of this advertising piece: Order your FREE book *Today!*

c. On a large multi-colored cardboard enclosure entitled RESERVATION* CERTIFICATE: a cardboard token with the words PAID IN FULL and the statements IMPORTANT This Paid in Full "Credit" Token reserves a valuable \$2.73 volume for you! Please return it promptly to us, placed in the "YES" pocket at right and your FREE Book will be shipped at once. Also appearing on this cardboard enclosure: To Secure your FREE volume, place your "Paid in Full" Token Here. Send \$2.73 "BEST SELLERS" Volume *FREE!* and the above-named Reader's Digest Subscriber is entitled to receive the New "Best-Sellers From Reader's Digest Condensed Books" — Regular Price \$2.73 — *Absolutely FREE!*

d. On the top of a two page typed, single spaced letter, in large red printing: Return your "Paid in Full" Credit Token TODAY and you will Receive a Free Copy of a New 576-Page Book, "BEST-SELLERS From READER'S DIGEST CONDENSED BOOKS" — Regular Price \$2.73 — *Absolutely FREE!*

PAR. 5. Through the use of the aforesaid statements and representations, and others of similar import and meaning not specifically set forth herein, respondent represents and has represented, directly or by implication, that the offer of said book is without limit, restriction or qualification, that no obligation, duty or liability is incurred by persons accepting said book, and that said book is "free," "absolutely free" and a "paid in full gift".

PAR. 6. In truth and in fact:

The offer of said book is not without limit, restriction or qualification, and a very definite and binding obligation, duty or liability is

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incurred by persons accepting said book, and said book is not "free," "absolutely free" and not a paid in full gift".

Persons receiving said book must agree to become a trial member of Reader's Digest Condensed Books and to accept and pay for subsequent volumes or to affirmatively notify the respondent of cancellation. The only way the proffered "free," "absolutely free book" or "paid in full gift" can be obtained without becoming a trial subscriber to Reader's Digest Condensed Books is by the payment of the regular price of \$2.73 plus postage.

In the advertising material described in Paragraph Four, the only reference to or disclosure of the conditions, obligations or other pre-requisites to the receipt and retention of said "free," "absolutely free" or "paid in full gift" book is ambiguously and inconspicuously contained in the letter which is one piece of the five piece packet. The remaining pieces of the afore-described mailing packet contain no reference, disclosure or other indication of any conditions, obligations or other pre-requisites to the receipt and retention of the free book.

The conditions, obligations and other pre-requisites to receipt and retention of said "free," "absolutely free" or "paid in full gift" books are, therefore, not clearly and conspicuously explained or set forth at the outset so as to leave no reasonable probability that the terms of the advertisements or offer might be misunderstood.

Other similar advertising and promotional materials offer said books at nominal amounts instead of "free", such as, "New Condensed Best-Sellers for 2¢ each." Said advertising and promotional materials do not clearly and conspicuously disclose the other conditions, obligations and other pre-requisites to the receipt and retention of the nominally priced book.

Therefore, the statements and representations as set forth in Paragraphs Four and Five hereof were and are false, misleading and deceptive.

PAR. 7. Respondent, for the purpose of inducing the renewal of subscriptions to its magazine, Reader's Digest, has distributed and disseminated to its subscribers, by and through the United States mail, a series of letters and advertising materials containing various representations and statements, of which the following are typical, but not all inclusive:

a. In the initial letter of this series—

ANNOUNCING * * * A Profit-Sharing Plan for Digest Subscribers — with a 26% Reduction in Price! * * * Your present subscription normally would expire about three months from now.

But under the Digest's Continuing Service plan, your subscription will not "expire" at that time. Instead, it will be continued without interruption —

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as long as you wish it continued — at a greatly reduced price * * * P.S. — **IMPORTANT!** If, for some reason, you *do not* wish to continue your subscription for the coming year, would you be good enough to tell us when you receive the statement; simply write "cancel" across it and return it to me, so that I can remove your name from our list of Continuing Subscribers.

Otherwise, you need *do nothing* but pay the \$2.97 when the statement arrives — and your subscription will be happily continued, without interruption.

b. In a second letter, which is mailed in an envelope marked from the respondent's "CONTROLLER'S OFFICE" and marked "PROFIT-SHARING STATEMENT ENCLOSED FOR YOUR CONTINUING SUBSCRIPTION."

A few weeks ago I wrote to tell you why you are now entitled to a *greatly reduced price*, because of our profit-sharing policy of Continuing Subscription Service * * *

As I promised you, your present subscription will be continued for the coming year (to the date stamped on the enclosed statement) *at only* \$2.97. You save over \$1.00 on the regular \$4.00 price! * * *

P.S. — If you *do not* wish to continue your Digest for the coming year, would you please write "Cancel" on the enclosed statement and return it to me, so that I can remove your name from our profit-sharing list of Continuing Subscribers?

c. Enclosed with this second letter is a "statement" containing the following:

Please be sure to RETURN THIS CARD with your payment * * * If you have *already* paid, please disregard this notice * * * **REGULAR ONE YEAR Price \$4.00. PAY THIS AMOUNT ONLY SPECIAL REDUCED PRICE \$2.97.**

d. Subsequent letters are also mailed in envelopes containing the markings "CONTROLLER'S OFFICE", and "PROFIT-SHARING STATEMENT ENCLOSED FOR YOUR CONTINUING SUBSCRIPTION", and include a "statement" similar to the one previously described in sub-paragraph "c" hereof and a note or letter with statements and representations similar to those previously quoted and described in sub-paragraphs "a" and "b" hereof.

PAR. 8. By and through the use of the above quoted statements, and others of similar import not specifically set out herein, the respondent represented and represents that:

a. The higher stated price set out in said advertisements and materials in connection with the term "regular" is the price at which the subscription is usually and customarily sold by respondent and that the difference between the higher and lower prices represents savings to subscribers from respondent's usual and customary subscription price.

b. The subscriber's subscription to Reader's Digest magazine has already been renewed for another year and that the subscriber is

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obligated to make the payment of \$2.97 unless the subscriber takes the affirmative action of cancelling the subscription.

PAR. 9 In truth and in fact:

a. The higher stated price set out in said advertisements and materials in connection with the term "regular" is not the price at which the subscription is usually and customarily sold by respondent and the difference between the higher and lower prices do not represent savings to subscribers from respondent's usual and customary subscription price.

b. The subscriber's subscription to Reader's Digest has not been renewed for another year and the subscriber is not obligated to make the payment of \$2.97 whether or not the affirmative action of cancelling the subscription by notifying the respondent is taken.

Therefore, the statements and representations as set forth in Paragraph Seven and Eight hereof were and are false, misleading and deceptive.

PAR. 10. In the course and conduct of its business and for the purpose of inducing the payment of delinquent accounts, respondent has made certain statements and representations through letters and materials sent through the United States mails to delinquent customers who have purchased books or subscribed to Reader's Digest magazine. Said delinquent customers receive a total of 12 mailings, of which 9 are on the letterhead of the respondent, Reader's Digest, and the last three are on the letterhead of The Mail Order Credit Reporting Association, Inc. of 12 West 38th Street, New York 18, New York.

Typical but not all inclusive of the representations and statements contained in said mailings are the following:

A. On mailings using respondent's letterhead:

a. Your account is in the red * * * All it takes is a small check or money order from you — to put it safely in the black again. Your credit is still good, and I'm sure you want to keep it that way * * *.

b. *PLEASE!* * * * pay this past due bill NOW.

c. Your credit standing is worth far more to YOU than this small amount. That is why we are sending you this postage stamp with the POLITE but URGENT REQUEST that you use it to mail your payment in the enclosed envelope— *TODAY*.

d. THE LAST WORD FROM READER'S DIGEST ABOUT YOUR UNPAID ACCOUNT * * *

This is the last letter you will receive from Reader's Digest about the small amount which you owe us, and about which we have written many times over a period of months. * * *

We don't like to turn over the names of our members to a collection agency, but we are sure you will agree it is reasonable for us to expect that those who have owed us money for many months will pay it.

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* * * We are sure you will agree that we are being scrupulously fair when we send you one more appeal for payment — *before turning over your account to a collection agency.*

This will be done if we do not hear from you within the next fourteen days. Such action as is taken after that date will be out of our hands * * *.

B. On the letterhead of The Mail Order Credit Reporting Association, Inc., 15 West 38th Street, New York 18, New York—

a. We have been notified by one of our members, Reader's Digest Condensed Books, of your failure to pay a past due account. A duplicate of their statement is enclosed. They have engaged us to take whatever legal steps are necessary to secure payment. * * *

b. *SECOND NOTICE*

A duplicate statement of your account with Reader's Digest Condensed Books is enclosed herewith. We have been instructed to take any necessary legal steps to effect collection. * * *

Before we proceed further, we are giving you a final opportunity to make payment. Although the sum involved is small, it is our business to collect our clients' delinquent accounts regardless of size, and we are organized for that purpose. In the event of legal action, you may not be aware that court costs and attorney fees must be paid by the person against whom judgment is rendered. Legal action against you may result in considerable additional expenses to you. If you doubt this statement, we suggest that you consult your own attorney.

In order that you may avoid unnecessary expense, we urge you to send your payment today in the enclosed envelope. * * *

c. *FINAL NOTICE* Your account with Reader's Digest Condensed Books was turned over to us some time ago for collection. * * * This is the last request for payment which we shall send.

* * * We hope it will not be necessary to take legal action. * * *

PAR. 11. By and through the use of the above quoted statements, and others of similar import not specifically set out herein, respondent represented and represents that:

(a) If payment is not made, the delinquent customer's name will be transmitted to a credit rating agency or bureau with the result that said customer's credit rating will be adversely affected.

(b) If payment is not made, the account will be turned over to an independent, bona fide collection agency.

(c) The Mail Order Credit Reporting Association, Inc., is an independent, bona fide collection agency.

(d) The letters and notices with said The Mail Order Credit Reporting Association's name and address thereon are prepared and sent by that agency.

(e) The respondent has turned over to The Mail Order Credit Reporting Association, Inc., the delinquent account of the customer for collection with instructions to take all necessary legal steps to collect the outstanding amount due.

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PAR. 12. In truth and in fact:

(a) If payment is not made, the delinquent customer's name is not transmitted to a credit rating agency or bureau with the result that said customer's credit rating is adversely affected. The failure to pay such indebtedness is not reported to any credit rating bureau nor is any record maintained thereof by respondent.

(b) If payment is not made, the account is not turned over to a bona fide independent collection agency.

(c) The Mail Order Credit Reporting Association, Inc., is not an independent, bona fide collection agency.

(d) Letters and notices with said The Mail Order Credit Reporting Association's name and address thereon are not prepared and sent by that agency. Said letters and notices are prepared by the respondent and distributed from its place of business in Pleasantville, New York. Replies to letters bearing The Mail Order Credit Reporting Association, Inc., address are in fact forwarded to the respondent, unopened. The Mail Order Credit Reporting Association, Inc., is only a mail address utilized by the respondent.

(e) The respondent has not turned over to The Mail Order Credit Reporting Association, Inc., the delinquent account of the customer for collection nor has the respondent instructed said Association to take all necessary legal steps to collect the outstanding amount due.

Therefore the statements and representations as set forth in Paragraphs Ten and Eleven hereof were and are false, misleading and deceptive.

PAR. 13. In the conduct of its business and at all times mentioned herein, the respondent has been in substantial competition, in commerce, with corporations, firms and individuals in the sale of magazines, books, phonograph records and other articles of merchandise of the same general kind and nature as that sold by the respondent.

PAR. 14. The use by respondent of the aforesaid false, misleading and deceptive 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 products and merchandise, and into the payment of substantial sums of money to respondent by reason of said erroneous and mistaken belief.

PAR. 15. 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 constitutes,

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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.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondent named in the caption hereof with violation of the Federal Trade Commission Act, and the respondent 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 respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by respondent 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 respondent 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 The Reader's Digest Association, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located in the City of Pleasantville, State of New York.

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

ORDER

It is ordered, That respondent The Reader's Digest Association, Inc., a corporation, and its officer, and respondent's agents, representatives and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of magazines, books, phonograph records or any other articles of merchandise, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using the words "free", "absolutely free", "paid in full gift" or any other word or words of similar import or meaning,

to designate or describe articles of merchandise or representing that articles of merchandise are offered at nominal amounts, in advertising or in other offers to the public when all of the conditions, obligations, or other prerequisites to the receipt and retention of the said free or nominally priced articles of merchandise are not clearly and conspicuously explained or set forth at the outset so as to leave no reasonable probability that the terms of the advertisements or offer might be misunderstood.

2. Using the word "regular", or words of similar import, to refer to any amount which is in excess of the price at which such merchandise has been usually and regularly sold by respondent at retail in the recent, regular course of its business; or otherwise misrepresenting the respondent's usual and customary retail selling price of such merchandise.

3. Representing that any saving is offered in the purchase of merchandise from the respondent unless the price at which the merchandise is offered constitutes a reduction from the price at which said merchandise was usually and customarily sold by the respondent at retail or at which said merchandise was usually and customarily sold at retail in the trade area involved.

4. Misrepresenting in any manner the savings available to purchasers of respondent's merchandise.

5. Representing, directly or indirectly that:

a. Subscriptions or orders for the aforesaid products or other contractual relationships between respondent and members of the public have been entered, renewed, established, or otherwise effected for any period of time obligating the payment of any sum of money or the performance of any other act in the absence of the direct and expressed agreement of such members of the buying public.

b. Members of the buying public who have not directly and expressly agreed to become indebted to respondent are obligated or liable to pay any amount for goods or services offered for sale or sold by respondent.

6. Representing, directly or indirectly, that delinquent customers' general or public credit ratings will be adversely affected unless respondent in fact refers the information of such delinquency to a separate, bona fide credit rating agency or bureau or other business enterprises.

7. Representing, directly or indirectly, that delinquent accounts will be turned over to an independent, bona fide collec-

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tion agency unless respondent in fact turns said accounts over to such agencies.

8. Representing, directly or indirectly, that any organization or trade name owned in whole or in part by respondent or over which respondent exercises operating control is an independent, bona fide collection agency.

9. Representing, directly or indirectly, that letters, notices or other communications which have been prepared or originated by respondent have been prepared or originated by any other person, firm or corporation.

10. Representing, directly or indirectly, that delinquent accounts have been turned over to any person, firm or corporation with instructions to take legal steps to collect the outstanding amount due unless such is the fact.

It is further ordered, That the respondent herein shall, within sixty (60) days after service upon it of this order, file with the Commission a report in writing setting forth in detail the manner and form in which it has complied with this order.

IN THE MATTER OF

SNAP-ON TOOLS CORPORATION

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

Docket 7116. Complaint, Apr. 10, 1958—Decision, Dec. 11, 1963

Order dismissing complaint as directed by the Court of Appeals, Seventh Circuit, of July 30, 1963, 321 F. 2d 825, 7 S.&D. 753; the Commission's order of Nov. 1, 1961, 59 F.T.C. 1035, required respondent manufacturer of mechanics' hand tools and related equipment, to cease forcing its dealers to enter into exclusive dealing agreements.

ORDER DISMISSING COMPLAINT

The United States Court of Appeals for the Seventh Circuit having on July 30, 1963, entered its judgment setting aside the Commission's order to cease and desist and directing the Commission to dismiss its complaint;

It is ordered, That the Commission's complaint herein be, and it hereby is, dismissed.

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IN THE MATTER OF

RUTH SEGAL ET AL., TRADING AS CAMEO FUR CO., ETC.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION AND THE FUR PRODUCTS LABELING ACTS*Docket C-627, Complaint, Dec. 11, 1963—Decision, Dec. 11, 1963*

Consent order requiring manufacturing furriers in New York City to cease violating the Fur Products Labeling Act by failing to label as "Natural", fur products which were not artificially colored; failing, on invoices, to show the true animal name of furs and the country of origin of imported furs, to disclose when fur was bleached or dyed, etc., and to use the terms "Persian Lamb", "Dyed Broadtail-processed Lamb", and "Natural" where required; invoicing fur products deceptively as "Broadtail Lamb"; failing in other respects to comply with labeling and invoicing requirements; and furnishing false guaranties that their fur products were not misbranded, falsely invoiced or falsely advertised.

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 Ruth Segal and Moe Segal, individually and as copartners trading as Cameo Fur Co. and Claire of Cameo, 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. Respondents Ruth Segal and Moe Segal are individuals and copartners trading as Cameo Fur Co. and Claire of Cameo.

Respondents are manufacturers and retailers of fur products with their office and principal place of business located at 363 Seventh Avenue, New York, 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 distri-

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bution 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 furs which have been shipped and received in commerce, as the terms "commerce", "fur" and "fur product" are defined in the Fur Products Labeling Act.

PAR. 3. Certain of said fur products were misbranded in that they were not labeled as required under the provisions of Section 4(2) of the Fur Products Labeling Act and in the manner and form prescribed by the Rules and Regulations promulgated thereunder.

Among such misbranded fur products, but not limited thereto, were fur products that were not labeled with any of the information required under the said Act and said Rules and Regulations.

PAR. 4. Certain of said fur products were misbranded in violation of the Fur Products Labeling Act in that they were not labeled in accordance with the Rules and Regulations promulgated thereunder.

(a) The term "natural" was not used on labels to describe fur products which were not pointed, bleached, dyed, tip-dyed, or otherwise artificially colored, in violation of Rule 19(g) of said Rules and Regulations.

(b) Information required under Section 4(2) of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder was not completely set out on one side of labels, in violation of Rule 29(a) of said Rules and Regulations.

(c) Information required under Section 4(2) of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder was not set forth in the required sequence, in violation of Rule 30 of said Rules and Regulations.

(d) Required item numbers were not set forth on labels, in violation of Rule 40 of said Rules and Regulations.

PAR. 5. Certain of said fur products were falsely and deceptively invoiced by the respondents in that they were not invoiced as required by Section 5(b)(1) of the Fur Products Labeling Act and the Rules and Regulations promulgated under such Act.

Among such falsely and deceptively invoiced fur products, but not limited thereto, were fur products covered by invoices which failed:

1. To show the true animal name of the fur used in the fur product.
2. To disclose that the fur contained in the fur product was bleached, dyed, or otherwise artificially colored, when such was the fact.
3. To show the country of origin of imported furs used in fur products.

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PAR. 6. Certain of said fur products were falsely and deceptively invoiced with respect to the name or designation of the animal or animals that produced the fur from which the said fur products had been manufactured, in violation of Section 5(b)(2) of the Fur Products Labeling Act.

Among such falsely and deceptively invoiced fur products, but not limited thereto, were fur products which were invoiced as "Broadtail" thereby implying that the furs contained therein were entitled to the designation "Broadtail Lamb" when in truth and in fact they were not entitled to such designation.

PAR. 7. Certain of said fur products were falsely and deceptively invoiced in violation of the Fur Products Labeling Act in that they were not invoiced in accordance with the Rules and Regulations promulgated thereunder in the following respects:

(a) The term "Persian Lamb" was not set forth on invoices in the manner required by law, in violation of Rule 8 of said Rules and Regulations.

(b) The term "Dyed Broadtail-processed Lamb" was not set forth on invoices in the manner required by law, in violation of Rule 10 of said Rules and Regulations.

(c) The term "natural" was not used on invoices to describe fur products which were not pointed, bleached, dyed, tip-dyed or otherwise artificially colored, in violation of Rule 19(g) of said Rules and Regulations.

(d) Required item numbers were not set forth on invoices, in violation of Rule 40 of said Rules and Regulations.

PAR. 8. Respondents furnished false guaranties that certain of their fur products were not misbranded, falsely invoiced or falsely advertised when respondents in furnishing such guaranties had reason to believe that fur products so falsely guaranteed would be introduced, sold, transported or distributed in commerce, in violation of Section 10(b) of the Fur Products Labeling Act.

PAR. 9. The aforesaid acts and practices of respondents, as herein alleged, are in violation of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder and constitute unfair and deceptive acts and practices and unfair methods of competition in commerce under the Federal Trade Commission Act.

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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 Fur Products

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Labeling 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. Respondents Ruth Segal and Moe Segal are individuals and copartners trading as Cameo Fur Co. and Claire of Cameo.

Respondents are manufacturers and retailers of fur products with their office and principal place of business located at 363 Seventh Avenue, New York, New York.

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 Ruth Segal and Moe Segal individually and as copartners trading as Cameo Fur Co. and Claire of Cameo or under any other trade name, 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 sale, advertising or offering for sale in commerce or the transportation or distribution in commerce, of any fur product; or in connection with the manufacture for sale, sale, advertising, offering for sale, transportation or distribution, of any fur product which is made in whole or in part of fur which has been shipped and received in commerce, as the terms "commerce", "fur" and "fur product" are defined in the Fur Products Labeling Act, do forthwith cease and desist from:

A. Misbranding fur products by:

1. Failing to affix labels to fur products showing in words and in figures plainly legible all of the information required to be disclosed by each of the subsections of Section 4(2) of the Fur Products Labeling Act.

2. Failing to set forth the term "Natural" as part of the information required to be disclosed on labels under the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder to describe fur products which are not pointed, bleached, dyed, tip-dyed, or otherwise artificially colored.

3. Failing to completely set out information required under Section 4(2) of the Fur Products Labeling Act and the Rules and Regulations thereunder on one side of the labels affixed to fur products.

4. Failing to set forth information required under Section 4(2) of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder on labels in the sequence required by Rule 30 of the aforesaid Rules and Regulations.

5. Failing to set forth on labels the item number or mark assigned to a fur product.

B. Falsely or deceptively invoicing fur products by:

1. Failing to furnish invoices to purchasers of fur products showing in words and figures plainly legible all the information required to be disclosed in each of the subsections of Section 5(b)(1) of the Fur Products Labeling Act.

2. Setting forth on invoices pertaining to fur products any false or deceptive information with respect to the name or designation of the animal or animals that produced the fur contained in such fur product.

3. Failing to set forth the term "Persian Lamb" in the manner required where an election is made to use that term instead of the word "Lamb".

4. Failing to set forth the term "Dyed Broadtail-processed Lamb" in the manner required where an election is made to use that term instead of the words "Dyed Lamb".

5. Failing to set forth the term "Natural" as part of the information required to be disclosed on invoices under the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder to describe fur products which are not pointed, bleached, dyed, tip-dyed or otherwise artificially colored.

6. Failing to set forth on invoices the item number or mark assigned to fur products.

It is further ordered, That respondents Ruth Segal and Moe Segal, individually and as copartners trading as Cameo Fur Co. and Claire

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of Cameo, or under any other trade name, and respondents' representatives, agents and employees, directly or through any corporate or other device, do forthwith cease and desist from furnishing a false guaranty that any fur product is not misbranded, falsely invoiced or falsely advertised when the respondents have reason to believe that such fur product may be introduced, sold, transported, or distributed in commerce.

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