

sion a written report setting forth the manner and form of their compliance with this order.

IN THE MATTER OF
NIRESK INDUSTRIES, INC., ET AL.

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

Docket C-696. Complaint, Jan. 28, 1964—Decision, Jan. 28, 1964

Consent order requiring Chicago sellers of chrome-plated steel flatware to the public, to cease representing falsely in advertising in magazines that the flatware has a coating of silver, and a permanent finish that will not rust or stain, when in fact, it is coated with chromium which is not permanent and may rust or stain.

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 Niresk Industries,

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Inc., a corporation, and Bernice Stone Kahn and Robert Kahn, individually and as officers of said corporation, and Robert Kahn & Associates, Inc., a corporation, hereinafter referred to as respondents, have violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Niresk Industries, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois with its principal office and place of business located at 589 East Illinois Street in the city of Chicago, State of Illinois.

Respondents Bernice Stone Kahn and Robert Kahn are officers of Niresk Industries, Inc. They formulate, direct and control the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. Their address is the same as that of the corporate respondent.

Respondent Robert Kahn & Associates, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois with its principal office and place of business located at 445 North Lake Shore Drive, in the city of Chicago, State of Illinois.

The aforesaid respondents cooperate and act together in carrying out the acts and practices hereinafter referred to.

PAR. 2. Respondent Niresk Industries, Inc., and respondents Bernice Stone Kahn and Robert Kahn, individually and as officers of said corporation, are now, and for some time last past have been, engaged in the offering for sale, sale and distribution of chrome-plated steel flatware such as knives, forks and spoons to the public.

Respondent Robert Kahn & Associates, Inc., is now, and for some time last past has been, the advertising agency of the respondent Niresk Industries, Inc., and now prepares and places, and for some time last past has prepared and placed for publication, advertisements, including advertisements containing the statements hereinafter set forth, to promote the sale of the aforesaid flatware.

PAR. 3. In the course and conduct of their business, respondent Niresk Industries, Inc., and respondents Bernice Stone Kahn and Robert Kahn, officers of said corporation, now cause, and for some time last past have caused, their said flatware, when sold, to be shipped from their place of business in the State of Illinois to purchasers thereof located in various other States of the United States, and maintain, and at all times mentioned herein have maintained, a 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 their businesses, and for the purpose of inducing the purchase of the aforesaid product, respondents have made certain statements in advertisements published in magazines of interstate circulation, distributed to members of the purchasing public. Typical, but not all inclusive, of such statements are the following:

Silver Rose

* * * * *

Permanent Mirror Finish Won't Rust or Stain

* * * * *

The * * * pattern has been created for you by world famous silversmiths. Each piece glows with a luxurious rich silverware finish * * *.

PAR. 5. Through the use of the aforesaid statements and representations, and others of similar import but not specifically set out herein, respondents have represented, directly or by implication:

- (1) That said flatware has a coating or plating of silver.
- (2) That said flatware has a permanent finish and will not rust or stain.

PAR. 6. In truth and in fact:

- (1) Silver is not used to coat or plate said flatware, but rather the flatware is coated or plated with chromium.
- (2) The coating or plating is not permanent in that it may wear or be scratched off, exposing the steel underneath which may rust or stain.

Therefore, the statements and representations as set forth in Paragraphs 4 and 5 hereof are false, misleading and deceptive.

PAR. 7. In the conduct of their business, at all times mentioned herein, respondent Niresk Industries, Inc., and Bernice Stone Kahn and Robert Kahn, officers of said corporation, have been in substantial competition, in commerce, with corporations, firms and individuals in the sale of flatware of the same general kind and nature as that sold by respondents.

PAR. 8. 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 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 the aforesaid product by reason of said erroneous and mistaken belief.

PAR. 9. The aforesaid acts and practices of respondents, as herein alleged, were, and are, all to the prejudice of the public and of the respondents' competitors and constituted, and now constitute, unfair methods of competition in commerce and unfair and deceptive acts.

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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 respondents named in the caption hereof with violation of the Federal Trade Commission 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 Niresk Industries, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its principal office and place of business located at 589 East Illinois Street, in the city of Chicago, State of Illinois.

Respondents Bernice Stone Kahn and Robert Kahn are officers of Niresk Industries, Inc., and their address is the same as that of the corporate respondent.

Respondent Robert Kahn & Associates, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its principal office and place of business located at 445 North Lake Shore Drive, in the city of Chicago, State of Illinois.

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 Niresk Industries, Inc., a corporation, and its officers, and Bernice Stone Kahn and Robert Kahn, individually and as officers of said corporation, and Robert Kahn &

Associates, Inc., a corporation, and its officers, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of chrome-plated flatware, or any other product, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

- (1) Representing, directly or by implication:
 - a. That chrome-plated flatware, or any other product of similar composition, has a coating or plating of silver.
 - b. That the coating or plating of chrome-plated flatware, or any other product of similar composition, is permanent.
 - c. That chrome-plated flatware, or any other product of similar composition, will not rust or stain.
- (2) Misrepresenting, in any manner, the quality composition, method of construction, durability, corrosion resistance, or performance characteristics of any product.

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.
