

2. Disseminating or causing to be disseminated, by any means, for the purpose of inducing, or which is likely to induce, directly or indirectly, the purchase or lease of respondents' device, in commerce, as "commerce" is defined in the Federal Trade Commission Act, any advertisement which contains any of the representations prohibited in Paragraph 1 hereof.

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.

IN THE MATTER OF
NATIONAL HOME SUPPLY CO., INC., ET AL.

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

Docket C-711. Complaint, Feb. 13, 1964—Decision, Feb. 13, 1964

Consent order requiring Omaha, Nebr., sellers of siding material to the public, to cease making false representations, directly and through their salesmen, that buildings of purchasers would be used as models to demonstrate and advertise their siding and that purchasers would receive a reduced price; and that buildings would be entered in contests after the siding was installed and winning owners would receive substantial prizes.

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 National Home Supply Co., Inc., a corporation, and Lee Sloan and Robert Sloan, individually and as officers of said 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 National Home Supply Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Nebraska, with its principal office and place of business located at 4408 Capitol Avenue, Omaha, Nebraska.

Respondents Lee Sloan and Robert Sloan are officers of said corporation. They formulate, direct and control the acts and practices of the corporate respondent, including the acts and practices herein

after set forth. Their address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the offering for sale, sale and distribution of siding material to the public.

PAR. 3. In the course and conduct of their business, respondents now cause, and for some time last past have caused, their said product, when sold, to be shipped from their place of business in the State of Nebraska to purchasers thereof located 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 product in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their business, and for the purpose of inducing the sale of their products, respondents and their salesmen and representatives have made numerous statements and representations respecting contest prizes, prices and model or demonstration houses and buildings.

Typical and illustrative of the foregoing, but not all inclusive thereof, are the following:

1. That the houses and buildings of prospective purchasers would be used as models to demonstrate and advertise respondents' siding, and that such prospective purchasers would receive a reduced price for said siding.

2. That certain houses and buildings were to be entered in contests to determine which showed the greatest improvement after the siding was installed and that the owners of the winning houses and buildings were to receive various prizes, including a free trip to a foreign country or to the State of Hawaii, a resort cottage, and a new automobile.

PAR. 5. In truth and in fact:

1. Respondents did not use the houses or buildings of purchasers as models or otherwise to demonstrate or advertise said siding. Such purchasers did not receive a reduced price for said siding, but were required to pay respondents' usual and regular price.

2. Respondents have neither conducted the contests nor awarded the prizes as set forth in Paragraph Four (2).

Therefore the statements and representations set forth in Paragraph 4 are false, misleading and deceptive.

PAR. 6. 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 sid-

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ing materials of the same general kind and nature as that sold by respondents.

PAR. 7. 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 respondents' products by reason of said erroneous and mistaken belief.

PAR. 8. The aforesaid acts and practices of respondents, as herein alleged, were and are all to the prejudice and injury of the public and of respondents' 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.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Deceptive Practices proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act; and

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

The Commission, having reason to believe that the respondents have violated the Federal Trade Commission Act, and having determined that complaint should issue stating its charges in that respect, hereby issues its complaint, accepts said agreement, makes the following jurisdictional findings and enters the following order:

1. National Home Supply Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Nebraska, with its office and principal place of business located at 4408 Capitol Avenue, in the city of Omaha, State of Nebraska.

Lee Sloan and Robert Sloan 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, National Home Supply Co., Inc., a corporation, and its officers, and Lee Sloan and Robert Sloan, 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 siding materials and any other product in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing that respondents will use the house or building of any purchaser as a model or for demonstration or other advertising purposes.

2. Representing, directly or by implication that respondents' merchandise is being offered at a reduced price, unless such price constitutes a reduction from the price at which such merchandise has been usually and regularly sold by respondents in the recent regular course of their business, or otherwise misrepresenting the usual and regular price of such merchandise.

3. Representing that respondents are conducting, or will conduct, contests and are awarding, or will award, prizes, unless respondents establish that such contests were conducted in good faith and the prizes were awarded as promised.

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.

IN THE MATTER OF

MODERN HANDCRAFT, INC., ET AL.

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

Docket C-712. Complaint, Feb. 13, 1964—Decision, Feb. 13, 1964

Consent order requiring Kansas City, Mo., book sellers to cease representing falsely, in letters to delinquent customers, that their name would be trans-

mitted to a credit reporting agency and their credit rating would be adversely affected; and through use on letterheads of the names "THE MAIL ORDER CREDIT REPORTING ASSOCIATION, INC.", and "John J. Murphy, Attorney at Law", that delinquent accounts had been turned over to a separate, bona fide collection or credit reporting agency or to an outside attorney for institution of legal suit.

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 Modern Handcraft, Inc., a corporation, and John E. Tillotson, II, individually and as an officer of said 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 Modern Handcraft, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Missouri, with its principal office and place of business located at 543 Westport Road in the city of Kansas City, State of Missouri.

Respondent John E. Tillotson, II, is an officer of said corporate respondent. He formulates, along with the directors and stockholders, directs and controls the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale, sale and distribution of encyclopedias, books and magazines to the general public. Said merchandise is advertised, sold and payment made therefor through the United States mails.

PAR. 3. In the course and conduct of their business, respondents now cause, and for some time last past have caused, their said merchandise, when sold, to be shipped from their place of business in the State of Missouri to purchasers thereof located in the various other States of the United States and in the District of Columbia, and maintain, and at all times mentioned herein have maintained, a substantial course of trade in said merchandise in commerce as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their business and for the purpose of inducing the payment of purportedly delinquent accounts, respondents have made certain statements and representations

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through letters and materials sent through the United States mails to purportedly delinquent customers who have purchased encyclopedias or other merchandise.

Typical, but not all inclusive of said statements and representations, are the following:

a. On the letterhead of "Modern Handcraft, Inc.":

This matter is getting serious and soon it will be out of our hands and will be taken over by the collection manager.

It is his job to collect past due accounts. He does a good job.

Protect your credit standing. Mail your check in the enclosed envelope to us today.

Will you help me win an argument I'm having with our credit manager?

He says you have not paid for books in the amount shown on the enclosed statement and he wants to place your account with The Mail Order Credit Reporting Association for collection.

I disagree with him, because I am convinced you have merely overlooked his bills or have a good reason for ignoring them. I have prevailed upon him to delay sending your account to The Mail Order Credit Reporting Association for a few more days.

Important you are hereby on notice that three weeks from the date shown on the enclosed bill, your account will be transferred to The Mail Order Credit Reporting Association

* * * * *

Will you not help us to protect your credit standing at once by remitting immediately and in full the amount due as shown on the enclosed bill?

b. On the letterhead of The Mail Order Credit Association, Inc., Credit Reports Collections, 15 West 38th Street, New York 18, N.Y.

Your name has been sent to us regarding your Illustrated Encyclopedia subscription, to be included in our files.

Please be sure to mail at once your remittance for your Illustrated Encyclopedia account, if you have not already done so!

* * * * *

I am certain that you would not like to be refused credit at some future date because of a small bill that you had every opportunity to settle?

We have been asked to give you every opportunity to settle this small account, because our client wishes to keep your goodwill and friendship. If you deliberately ignore our effort to collect this debt, we have been advised by our client that it will take recourse in the established legal processes of the courts.

That certainly would not be pleasant, and may result in your having to pay court costs and disbursements in addition to the balance now due.

c. On the letterhead of "MODERN HANDCRAFT, INC.":

Important Notice

Ten days from the mailing of this notice, we will turn over to our counsel your debt for the Illustrated Encyclopedia.

Final Notice Before Suit

FIRST: You are indebted as shown above.

FURTHER: Due notice has been given you and demand made for payment which has not been received.

FURTHER: Debt is justly due, not barred by Statute of Limitations.

FINALLY: Unless payment is made at this office, Delinquent Accounts Department, within Ten Days after receipt of this notice * * * claim will be due for full amount with interest at six percent per annum, together with the cost and disbursements of any action and service made by court officer in your district.

* * * * *

Note: WE URGE FRIENDLY SETTLEMENTS AS PREFERABLE
TO LEGAL PUBLICITY AND EXPENSE

d. On the letterhead of "John J. Murphy, Attorney at Law, 15 West 38th St., New York 18, N.Y.":

I have been consulted by my client in connection with their claim against you for goods sold and delivered in the amount shown on the enclosed statement (Enclosed with the aforesaid letter):

Transfer of Account

To: John J. Murphy, Attorney at Law, 15 West 38th Street, New York 18, N.Y.

we hereby transfer this account to you to institute what legal action you deem necessary on the claim shown above.

(In script) Important! This is a duplicate of the claimant's transfer sheet. Be sure to return it with your remittance. J.J.M.

PAR. 5. By and through the use of the aforesaid statements, representations and practices, and others of similar import not specifically set out herein, respondents represent and have represented that:

a. If payment is not made, the delinquent customer's name is transmitted to a bona fide credit reporting agency.

b. If payment is not made, the customer's general or public credit rating will be adversely affected.

c. "THE MAIL ORDER CREDIT REPORTING ASSOCIATION, INC.", is a separate, bona fide collection and credit reporting agency located in New York City.

d. Respondents have turned over to said "THE MAIL ORDER CREDIT REPORTING ASSOCIATION, INC." the delinquent account of the customer for collection and other purposes.

e. If payment is not made, the delinquent customer's account will be transferred to an outside attorney with instructions to institute suit or take other legal steps to collect the outstanding amount due.

f. "Mr. John J. Murphy" is an outside Attorney at Law, located in New York City, to whom the delinquent customer's account has been transferred for institution of suit or other legal steps.

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g. The letters and notices on the letterheads of the said "THE MAIL ORDER CREDIT REPORTING ASSOCIATION, INC." and "John J. Murphy, Attorney at Law" have been prepared and mailed by said organization or named attorney.

PAR. 6. In truth and in fact:

a. If payment is not made, the delinquent customer's name is not transmitted to a bona fide credit reporting agency.

b. If payment is not made, the customer's general or public credit rating is not adversely affected.

c. "THE MAIL ORDER CREDIT REPORTING ASSOCIATION, INC." is not a separate, bona fide collection agency or credit reporting agency. Said organization is a fictitious name utilized by respondents and others for the purpose of disseminating collection letters.

d. Respondents have not turned over to said "THE MAIL ORDER CREDIT REPORTING ASSOCIATION, INC." the delinquent account of the customer for collection or any other purpose.

e. If payment is not made, the delinquent customer's account is not transferred to an outside attorney with instructions to institute suit or other legal steps to collect the outstanding amount due.

f. The delinquent customer's account has not been transferred to "Mr. John J. Murphy" for institution of suit or other legal steps.

g. The letters and notices on the letterheads of the said "THE MAIL ORDER CREDIT REPORTING ASSOCIATION, INC., and "John J. Murphy, Attorney at Law" have not been prepared and mailed by said organization or named attorney. Said letters and notices have been prepared and mailed or caused to be mailed by respondents. Replies in response to said letters and notices are forwarded unopened to respondents.

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

PAR. 7. 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 payment of substantial sums of money to respondents by reason of said erroneous and mistaken belief.

PAR. 8. The aforesaid acts and practices of respondents, as herein alleged, were and are all to the prejudice and injury of the public and constituted, and now constitute, 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 issued 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, and 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 Modern Handcraft, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Missouri, with its office and principal place of business located at 543 Westport Road, in the city of Kansas City, State of Missouri.

Respondent John E. Tillotson, II, is an officer of said corporation, and his 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 respondent Modern Handcraft, Inc., a corporation, and its officers, and John E. Tillotson, II, individually and as an officer of said corporation, 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 encyclopedias, books, magazines or other products, in commerce as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing directly or by implication that:

1. A customer's name will be turned over to a bona fide credit reporting agency or that a customer's general or public credit rating will be adversely affected unless respondents, where pay-

ment is not received, in fact refer the information of said delinquency to a separate, bona fide credit reporting agency;

2. a. Delinquent accounts will be turned over to a bona fide, separate collection agency or attorney for collection unless respondents establish that a prior determination had been made in good faith to make such referral;

b. Delinquent accounts have been turned over to a bona fide, separate collection agency or attorney for collection unless respondents establish that such is the fact;

3. Delinquent accounts have been or will be turned over to "THE MAIL ORDER CREDIT REPORTING ASSOCIATION, INC." or "Mr. John J. Murphy, Attorney at Law" for collection or any other purpose;

4. "THE MAIL ORDER CREDIT REPORTING ASSOCIATION, INC.", any fictitious name, or any trade name owned in whole or in part by respondents or over which respondents exercise any direction or control, are independent, bona fide collection or credit reporting agencies;

5. "John J. Murphy" or any other person or firm is an outside, independent Attorney at Law or firm of attorneys representing respondents for collection of past due accounts unless a bona fide attorney client relationship exists between respondents and said attorney or attorneys, for purposes of collecting such accounts;

6. a. Delinquent accounts have been or will be turned over to "THE MAIL ORDER CREDIT REPORTING ASSOCIATION, INC." or "John J. Murphy" with instructions to institute suit or other legal action to collect amounts purportedly due;

b. Delinquent accounts will be turned over to any other organization, attorney, firm of attorneys, or person with instructions to institute suit or other legal action unless respondents establish that a prior determination had been made in good faith to take such action;

c. Delinquent accounts have been turned over to any other organization, attorney, firm of attorneys, or person with instructions to institute suit or other legal action unless respondents establish that such is the fact;

7. Notices or other communications which respondents have, or have caused to be prepared, written or mailed, have been sent by "THE MAIL ORDER CREDIT REPORTING ASSOCIATION, INC.", "John J. Murphy" or any other person, firm or agency.

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.

Complaint

IN THE MATTER OF
TYREX, INC., ET AL.CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT*Docket C-713. Complaint, Feb. 13, 1964—Decision, Feb. 13, 1964*

Consent order requiring a membership corporation—organized in 1958 to formulate standards and promote Tyrex rayon tire cord and which, in addition to its promotional activities, certified its members to use the collective mark "Tyrex" on rayon tire yarn, cord and fabric—along with its members which produced almost all the rayon cord used in the manufacture of tires in the United States, to cease conspiring to fix and maintain prices and terms of sale of their products; exchanging through Tyrex or otherwise, information as to future prices or price policies or the maintenance of current prices, and holding meetings concerned with such purposes; and using Tyrex or any other agency as an instrumentality for performing such prohibited acts or practices.

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 Tyrex, Inc., a membership corporation and American Enka Corporation, A.V.C. Corporation, Beaunit Corporation, and Midland-Ross Corporation, corporations, have violated the provisions of Section 5 of the Federal Trade Commission Act (15 U.S.C.A. Sec. 45) 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 Tyrex, Inc., is a membership corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its principal office and place of business located at 350 Fifth Avenue, New York, New York. The members of Tyrex, Inc. are American Enka Corporation, A.V.C. Corporation, Beaunit Corporation, Midland-Ross Corporation, and Courtaulds (Canada) Ltd.

Respondent American Enka Corporation (hereinafter sometimes referred to as Enka) 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 Enka, North Carolina.

Respondent A.V.C. Corporation (hereinafter sometimes referred to as A.V.C.) is a corporation organized, existing, and doing business

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under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at 1617 Pennsylvania Boulevard, Philadelphia 3, Pennsylvania.

Respondent Beaunit Corporation (hereinafter sometimes referred to as Beaunit) is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its principal office and place of business located at 261 Fifth Avenue, New York 16, New York.

Respondent Midland-Ross Corporation (hereinafter sometimes referred to as Midland-Ross) is a corporation organized, existing and doing business under and by virtue of the laws of the State of Ohio, with its principal office and place of business located at 55 Public Square, Cleveland 13, Ohio.

The aforementioned members of Tyrex, Inc., will hereinafter sometimes be referred to as "respondent members". Courtaulds (Canada) Ltd., the remaining member of Tyrex, Inc., is a Canadian corporation which does not do business in the United States.

PAR. 2. Tyrex, Inc., was established on June 26, 1958, under the name, The American Tyrex Corporation, which was subsequently changed to American Tyrex Corporation, and finally on October 20, 1958, to Tyrex, Inc. Tyrex, Inc., succeeded the American Rayon Institute and was organized in part, for the purpose of formulating standards and promoting the sale and public acceptance of rayon tire yarn, cord and fabric. Employees of respondent members participate actively on the committees and other operating units of Tyrex, Inc. Some of the officers of Tyrex, Inc., and members of the Board of Directors of Tyrex, Inc., are officers and employees of respondent members. The budget of Tyrex, Inc., is substantial and represents continuing contributions from respondent members, among others. In addition to promotional activities, Tyrex, Inc. certifies the respondent members to use the collective mark "Tyrex" on rayon tire yarn, cord, and fabric which meet certain specifications of quality.

The original membership of Tyrex, Inc., consisted of Enka, Courtaulds (Canada) Ltd., and Industrial Rayon Corporation. A.V.C. joined Tyrex, Inc., on September 5, 1958, and Beaunit joined on October 2, 1958.

Industrial Rayon Corporation was acquired by Midland-Ross in April 1961 by exchange of capital stock and is now operated as the Industrial Rayon Division of Midland-Ross. Former officers of Industrial Rayon Corporation, who participated actively in the unlawful practices, hereinafter alleged, are now officers of Midland-Ross. Midland-Ross has ratified and continued the unlawful practices of

Tyrex, Inc., and the Industrial Rayon Corporation, as hereinafter alleged.

PAR. 3. Rayon tire yarn, cord, and fabric promoted by Tyrex, Inc. is manufactured and sold by respondent members as either "Tyrex rayon tire yarn", "Tyrex rayon tire cord", or "Tyrex rayon tire fabric". The basic product herein is rayon tire cord: rayon yarn is the component of the cord, and fabric is the form of the cord. Yarn consists of a multiplicity of filaments slightly twisted and is designated by its denier, *i.e.*, its weight in grams per 9000 cm. in length. Cord is a multiplicity of yarns, usually two, twisted with precision to a given number of turns per inch; it is designated by the yarn denier followed by the number of cord plies. For example, two-ply cord manufactured from 1100 denier yarn is expressed as 1100/2. Fabric is a number of cords arranged parallel to one another, joined by picks holding the cords parallel. The word "cord" is sometimes used in the industry to embrace cord, yarns, and fabric and as used hereinafter will mean cord, yarn, or fabric.

PAR. 4. Respondent members manufacture Tyrex rayon tire cord at the following places: Enka at Enka, North Carolina and Lowland, Tennessee; A.V.C. at Lewiston, Pennsylvania and at Front Royal, Virginia; Beaunit at Elizabethton, Tennessee and Coosa Pines, Alabama, and Midland-Ross at Painsville, Ohio. In 1961, respondent members produced approximately 160,000,000 pounds of Tyrex tire cord valued in excess of \$90,000,000.

Respondent members produce almost all the rayon cord used in the manufacture of tires in the United States. Tire cord is an essential element in tire construction, imparting most of the strength and impact resistance to tires. Rayon tire cord is used in all original equipment passenger tires and in a large percentage of the replacement tires manufactured in the United States. The product is sold by some of all of respondent members in either 1100, 1650, 2200, or 3300 deniers.

PAR. 5. Respondent members have caused and now cause the aforesaid Tyrex rayon tire cord when sold to be transported from the respective States where respondent members maintain production or processing facilities to purchasers located in various other States of the United States. Respondent members maintain, and at all times mentioned herein have maintained, a course of trade in said Tyrex rayon tire cord in commerce, as "commerce" is defined in the Federal Trade Commission Act. Respondent members' volume of business in such commerce is and has been substantial.

PAR. 6. In the course and conduct of their business in commerce respondent members have been and would now be in active competition with each other in the manufacture, processing, sale and distribution of rayon tire cord except to the extent that competition has been lessened, hindered, restrained, or eliminated by the acts and practices as herein alleged.

PAR. 7. Tyrex, Inc., was organized for the purpose of formulating standards and promoting Tyrex rayon tire cord; it has, however, since its inception in 1958 and continuing to the present time, been used as a medium for respondent members to communicate with one another and as an instrumentality through which respondent members adopt and carry out certain acts and practices hereinafter more fully described. Through Tyrex, Inc., respondent members have joined together to participate in, and are now participating in, understandings, agreements, combinations, conspiracies, and a planned common course of action or a course of dealing for the purpose or with the effect of restraining trade and lessening or eliminating competition in the production, processing, distribution, and sale of Tyrex rayon tire cord. As part of, pursuant to, and in furtherance of the aforesaid joint actions, communications, understandings, agreements, combinations, conspiracies, common course of action, and course of dealing, respondent members have authorized, participated in, adopted, placed in effect, carried out, or ratified the following acts, policies and practices:

1. Determined, fixed, established, stabilized, maintained, and made effective, and are now determining, fixing, establishing, stabilizing, maintaining, and making effective uniform, identical, and noncompetitive prices in the sale of Tyrex rayon tire cord between 1958 and the present time. These prices were so fixed and established although substantial quality differences existed in the Tyrex rayon tire cord produced by respondent members.

2. Agreed and conspired to increase, fix, and maintain the price of Tyrex rayon tire cord and did increase, fix, and maintain the price of Tyrex rayon tire cord.

3. Held meetings of, and do now hold meetings of Tyrex, Inc., for the purpose or with the effect of fixing, establishing, and maintaining uniform prices and price quotations, including a meeting at a "Christmas party" in a private suite at a Montreal hotel on December 21, 1960.

4. Exchanged, and do now exchange, information relating to current and future prices, pricing factors, and cost of production, processing, and distribution in connection with the manufacture and sale of Tyrex rayon tire cord.

PAR. 8. By reason of the aforesaid acts and practices, respondent members have:

1. Lessened or eliminated, and are now lessening or eliminating, competition in the production and sale of Tyrex rayon tire cord; and
2. Fixed and maintained, and are now fixing and maintaining arbitrary, artificial, and noncompetitive prices for Tyrex rayon tire cord.

PAR. 9. The acts, practices, and agreements of respondent members as herein alleged are all to the prejudice and injury of the public; have a dangerous tendency unduly to lessen, hinder, restrain, or eliminate competition; constitute unfair methods of competition; and are unfair acts and practices in commerce within the intent and meaning of, and 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 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 Tyrex, Inc., is a membership corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its principal office and place of business located at 350 Fifth Avenue, New York, New York. The members of Tyrex, Inc., are American Enka Corporation, A.V.C. Corporation, Beaunit Corporation, Midland-Ross Corporation, and Courtaulds (Canada) Ltd.

Respondent American Enka Corporation is a corporation organized, existing and doing business under and by virtue of the laws of

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the State of Delaware, with its principal office and place of business located at Enka, North Carolina.

Respondent A.V.C. 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 1617 Pennsylvania Boulevard, Philadelphia 3, Pennsylvania.

Respondent Beaunit Corporation is a corporation organized, existing, and doing business under and by virtue of the laws of the State of New York, with its principal office and place of business located at 261 Fifth Avenue, New York 16, New York.

Respondent Midland-Ross Corporation is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Ohio, with its principal office and place of business located at 55 Public Square, Cleveland 13, Ohio.

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 Tyrex, Inc., a membership corporation; American Enka Corporation, a corporation; A.V.C. Corporation, a corporation; Beaunit Corporation, a corporation; and Midland-Ross Corporation, a corporation, and their officers, directors, agents, representatives, employees, successors, or assigns, directly or through any corporate or other device, in connection with the production, promotion and sale of rayon tire yarn, rayon tire cord, or rayon tire fabric in commerce, as "commerce" is defined in the Federal Trade Commission Act, forthwith cease and desist from entering into, continuing, cooperating in, or carrying out any planned common course of action or course of dealing or understanding, agreement, combination, or conspiracy, between or among any two or more of the said respondents, or between any one or more of the said respondents and any others not parties hereto, to do or perform any of the following:

1. Fixing, establishing, or maintaining prices, terms or conditions of sale of rayon tire yarn, rayon tire cord, or rayon tire fabric, or adhering to or promising to adhere to prices, terms, or conditions of sale so fixed, established, or maintained.

2. Exchanging, distributing, or relaying directly or through Tyrex, Inc., or through any other medium or agency, any information relating directly or indirectly to: future prices or price policies of any respondent; future prices or price policies, for

rayon or non-rayon tire yarn, tire cord, or tire fabric, of any other producer; pricing factors of rayon or non-rayon tire yarn, tire cord, or tire fabric, such as cost of production and distribution thereof; or the maintenance of current prices of rayon or non-rayon tire yarn, tire cord, or tire fabric.

3. Holding or attending any meeting for the purpose of agreeing upon, discussing, or considering, directly or indirectly, future prices or price policies of any respondent; future prices or price policies, for rayon or non-rayon tire yarn, tire cord, or tire fabric, of any other producer; pricing factors of rayon or non-rayon tire yarn, tire cord, or tire fabric, such as cost of production and distribution thereof; or the maintenance of current prices of rayon or non-rayon tire yarn, tire cord, or tire fabric.

4. Employing or utilizing Tyrex, Inc., or any other medium or agency in any way as an instrumentality or aid in performing or doing any of the acts or practices prohibited by this Order.

It is further ordered, That nothing contained in this Order shall be construed as prohibiting the establishment or maintenance of any lawful bona fide agreement, discussions, or other action solely between any corporate respondent and its parent.

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.

IN THE MATTER OF

WILSON'S OF CALIFORNIA, 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-714. Complaint, Feb. 14, 1964—Decision, Feb. 14, 1964

Consent order requiring Los Angeles manufacturers of fur-trimmed ladies' coats and suits to cease violating the Fur Products Labeling Act by labeling to show as "natural" fur which was artificially colored; to show falsely that they had places of business in Paris and Rome, and, by use of the words "Paris", "Rome" and "Design by Ardoni" that fur products were created and styled in Europe; by labeling and invoicing which failed to show the true animal name of fur; by invoicing which failed to disclose when fur was dyed or bleached, and the country of origin of imported furs; by furnishing false guaranties that certain of their fur products were not misbranded, falsely invoiced, or falsely advertised; by substitut-

Complaint

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ing non-conforming labels for those originally affixed to fur products and failing to preserve the required records; and by failing in other respects to comply with requirements of the Act.

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 Wilson's of California, Inc., a corporation, and its officers, and Louis Wilson, individually and as an officer of the 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 Wilson's of California, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of California.

Respondent Louis Wilson is an officer of the corporate respondent and formulates, directs, and controls the acts, practices, and policies of the said corporate respondent including those hereinafter set forth.

Respondents are manufacturers and distributors of fur products, namely, fur-trimmed ladies' coats and suits, with their office and principal place of business located at 834 South Broadway, Los Angeles, California.

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 the 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 distribution 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 falsely and deceptively labeled to show that fur contained therein was natural, when the fact such fur was pointed, bleached, dyed, tip-dyed, or otherwise artificially colored, in violation of Section 4(1) of the Fur Products Labeling Act.

PAR. 4. Certain of said fur products were misbranded in that they were falsely and deceptively labeled to show that the respondent corporation had a place of business in Paris, France, and Rome, Italy, which representation was false and deceptive in that respondents did not maintain an office or facilities in Paris, France, or Rome, Italy, in violation of Section 4(1) of the Fur Products Labeling Act.

PAR. 5. Certain of said fur products were misbranded in violation of Section 4(1) of the Fur Products Labeling Act in that said fur products were falsely and deceptively labeled by means of a label which contained the statements "Paris", "Rome" and "Design by Ardoni" thus representing that such fur products were created, designed, and styled in Europe. In truth and in fact the said statements were false in that such fur products were not created, designed and styled in Europe.

PAR. 6. 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 with labels which failed to show the true animal name of the fur used in the fur product.

PAR. 7. 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 in the following respects:

(a) Information required under Section 4(2) of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder was set forth on labels in abbreviated form, in violation of Rule 4 of said Rules and Regulations.

(b) The term "Persian Lamb" was not set forth on labels in the manner required by law, in violation of Rule 8 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 set forth in handwriting on labels, in violation of Rule 29(b) of said Rules and Regulations.

(d) 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.

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

PAR. 8. 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.

PAR. 9. 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 that required item numbers were not set forth on invoices in violation of Rule 40 of the said Rules and Regulations.

PAR. 10. 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 respect:

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.

PAR. 11. 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. 12. Respondents in introducing, selling, advertising, and offering for sale, in commerce, and in processing for commerce, fur products; and in selling, advertising, offering for sale, and processing fur products which have been shipped and received in commerce, have misbranded such fur products by substituting thereon, labels which did not conform to the requirements of Section 4 of the Fur Products Labeling Act, for the labels affixed to said fur products by the manufacturer or distributor pursuant to Section 4 of said Act, in violation of Section 3(e) of said Act.

PAR. 13. Respondents in substituting labels as provided for in Section 3(e) of the Fur Products Labeling Act, have failed to keep

and preserve the records required, in violation of said Section 3(e) and Rule 41 of the Rules and Regulations promulgated under the said Act.

PAR. 14. 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.

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 Fur Products 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. Respondent, Wilson's of California, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of California, with its office and principal place of business located at 834 South Broadway, Los Angeles, California.

Respondent Louis Wilson is an officer of said corporation and his address is the same as that of the 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 Wilson's of California, a corporation, and its officers, and Louis Wilson, 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 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. Representing directly or by implication on labels that the fur contained in any fur product is natural when the fur contained therein is pointed, bleached, dyed, tip-dyed, or otherwise artificially colored.

2. Representing in any manner on labels that respondents have an office, facilities or place of business in Paris, France, or Rome, Italy, or at any other place when respondents do not maintain an office, facilities or place of business as represented.

3. Representing in any manner, contrary to fact, on labels that respondents' fur products were created, designed, or styled in Europe or in any place where they are not actually created, designed, or styled.

4. 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.

5. Setting forth information required under Section 4(2) of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder in abbreviated form.

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

7. Setting forth information required under Section 4(2) of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder in handwriting on labels affixed to fur products.

8. Failing to set forth information required under Section 4(2) of the Fur Products Labeling Act and the Rules and Regulation promulgated thereunder on labels in the se-

quence required by Rule 30 of the aforesaid Rules and Regulations.

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

3. 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.

It is further ordered, That respondents Wilson's of California, a corporation, and its officers, and Louis Wilson, individually and as an officer of said corporation, 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 Wilson's of California, a corporation, and its officers, and Louis Wilson, 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, sale, advertising, or offering for sale, in commerce, or the processing for commerce, of fur products; or in connection with the selling, advertising, offering for sale, or processing of fur products which have been shipped and received in commerce, do forthwith cease and desist from:

1. Misbranding fur products by substituting for the labels affixed to such fur products pursuant to Section 4 of the Fur Products Labeling Act labels which do not conform to the requirements of the aforesaid Act and the Rules and Regulations promulgated thereunder.

2. Failing to keep and preserve the records required by the Fur Products Labeling Act and the Rules and Regulations pro-

mulgated thereunder in substituting labels as permitted by Section 3(e) of the said Act.