

IN THE MATTER OF

CHINCHILLA RANCHERS, INC., ET AL.

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

Docket C-820. Complaint, Aug. 27, 1964—Decision, Aug. 27, 1964

Consent order requiring two Evansville, Wisc., sellers of chinchilla breeding stock to cease making exaggerated earning claims, misrepresenting the quality of their stock, deceptively guaranteeing the fertility of their stock, and misrepresenting their services to purchasers.

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 Chinchilla Ranchers, Inc., a corporation, and Marie Roberts, individually and as an officer of said corporation, and National Chinchilla Ranches, Inc., a corporation, and Keith E. Meixell, 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 Chinchilla Ranchers, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Wisconsin, with its principal office and place of business located at Route 1, Evansville, Wisconsin.

Respondent Marie Roberts is an individual and is an officer of Chinchilla Ranchers, Inc., and its sole stockholder. She formulates, directs and controls the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. Her address is the same as that of the corporate respondent.

Respondent National Chinchilla Ranches, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Indiana, with its principal office and place of business located at Route 1, Evansville, Wisconsin.

Respondent Keith E. Meixell is an individual and is an officer of National Chinchilla Ranches, Inc. He, together with Marie Roberts, formulates, 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 chinchilla breeding stock to the public.

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

PAR. 4. In the course and conduct of their aforesaid businesses, and for the purpose of obtaining the names of prospective purchasers and inducing the purchase of said chinchillas, the respondents make numerous statements and representations in direct mail advertising and through the oral statements and display of promotional material to prospective purchasers by their salesmen with respect to the breeding of chinchillas for profit without previous experience, the rate of reproduction of said animals, the expected return from the sale of their pelts, the market value of said animals as breeding stock, their quality, their hardiness and freedom from disease, the selection of producers by area and the limitation of the number of animals sold,

and the training, assistance and organization of breeders to be made available to purchasers by respondents.

Typical and illustrative, but not all inclusive of the said statements made in respondents' direct mailing advertising and promotional literature are the following:

There is no experience needed in order to succeed.

FINANCIAL INDEPENDENCE

YOU CAN BE YOUR OWN BOSS—by starting with three (3) mated pair of top quality CHINCHILLAS on our warranted plan, and it would not be unnatural for them in 4 years to produce approximately 50 mated pair of top quality breeding stock. If you'll multiply this by \$25 per pelt it will amount to quite a comfortable annual income.

THESE ARE CONSERVATIVE FACTS THAT ARE ACTUALLY HAPPENING EVERY DAY!!!

To purchasers of our breeding stock we offer a complete advisory service, housing, diets, etc., and the benefits of our experience throughout the years.

WITHOUT OBLIGATION, your **FREE** illustrated Booklet explaining the facts of the CHINCHILLA industry.

PAR. 5. By and through the use of said statements and representations made by respondents in advertising and promotional literature and in the oral presentations made by their salesmen, respondents represent directly or indirectly that:

1. The breeding of chinchillas for profit requires no previous experience.

2. Chinchillas sold by respondents are top quality breeding stock and have a market value ranging from \$800 to \$3500 a pair.

3. Every mated pair of chinchilla breeding stock offered for sale or sold by respondents will produce 22 pairs of chinchilla breeding stock in three years; that three pairs of chinchillas purchased from respondents will within four years produce at least fifty mated pairs of top quality breeding stock; and that such fifty pairs of chinchillas will produce two hundred or more chinchillas with top quality pelts for the pelting market each year thereafter.

4. Pelts from the offspring of respondents' breeding stock generally sell for \$25 to \$80 per pelt.

5. That the fifty pairs of chinchillas raised from breeding stock purchased from respondents will produce an annual net income of \$5,000 within four years and of \$25,000 within five years.

6. Purchasers of respondents' chinchillas would receive from the sale of offspring as breeding stock from \$150 to \$400 for a single chinchilla or from \$300 to \$800 per pair of chinchillas depending upon the quality of the animals.

7. It is practicable to raise chinchillas in the home and large profits can be made in this manner.

8. Chinchillas are free from disease and are not affected by high temperature and humidity.

9. Respondents will buy offspring from chinchillas purchased from them for pelting and for breeding purposes; and that purchasers would receive from respondents \$25 per animal purchased for pelting and \$150 per animal purchased for breeding.

10. Respondents will buy back chinchillas from persons who are dissatisfied with their purchase.

11. That the Willard H. George Grading System used by respondents is an accepted standard in the chinchilla industry for determining the quality of chinchilla breeding stock; and that score sheets recording the grading of animals under that system are generally accepted by the chinchilla industry as proof of the quality of the chinchillas purchased from respondents.

12. Respondents' chinchilla breeding stock is sold only to a few persons in each county or locality.

13. Purchasers of respondents' breeding stock have been selected to breed chinchillas for resale by respondents.

14. Purchasers of respondents' chinchilla breeding stock by virtue of their purchase would become members of an association of chinchilla breeders under respondents' leadership.

15. Specialized training in the breeding and care of chinchillas would be given to purchasers of respondents' chinchilla breeding stock.

16. Purchasers of respondents' breeding stock would receive the benefit of respondents' experience in breeding chinchillas acquired over the years.

PAR. 6. In truth and in fact:

1. The breeding of chinchillas for profit requires specialized knowledge in the feeding, care and breeding of said animals much of which must be acquired through actual experience.

2. Chinchillas sold by respondents are not top quality breeding stock and do not have a market value ranging from \$800 to \$3,500 a pair.

3. In most cases mated pairs of respondents' chinchillas will not produce 22 pairs of chinchilla breeding stock in three years; and three pairs of chinchillas purchased from respondents will not, in most cases, produce fifty mated pairs of top quality chinchilla breeding stock within four years; and said fifty pairs of offspring will rarely, if ever, produce as many as two hundred top quality pelts each year.

4. A purchaser of respondents' chinchillas could not expect to receive from \$25 to \$80 for each pelt produced since some pelts are not

marketable at all and others would not sell for \$25 but for substantially less than that amount.

5. Fifty pairs of chinchillas raised from respondents' breeding stock will not produce a net annual income of \$5,000 within four years and of \$25,000 within five years.

6. Purchasers of respondents' chinchillas would not receive from the sale of offspring as breeding stock from \$150 to \$400 for a single chinchilla or from \$300 to \$800 for a pair of chinchillas except, perhaps, in a rare or exceptional case.

7. It is not practicable to raise chinchillas in the home and large profits cannot be made by raising chinchillas in such manner.

8. Domesticated chinchillas are susceptible to pneumonia and other diseases and they do not tolerate high temperature and humidity.

9. Respondents will seldom buy offspring from chinchillas purchased from them for breeding or pelting purposes; and in those exceptional instances where such chinchillas are purchased respondents do not pay \$25 for each animal purchased for pelting or \$150 for each animal purchased for breeding.

10. Respondents will not buy back chinchillas from purchasers who are dissatisfied with their purchase.

11. The Willard H. George Grading System is not an accepted standard in the chinchillas industry for determining the quality of chinchilla breeding stock and score sheets recording the grading of animals under that system are not generally accepted by the chinchilla industry as proof of the quality of chinchillas purchased from respondents.

12. Sales of respondents' chinchilla breeding stock is not limited to a few persons in each county or locality.

13. Purchasers of respondents' chinchillas have not been selected to breed chinchillas for resale by respondents.

14. Purchasers of respondents' breeding stock do not become part of an association of chinchilla breeders by virtue of their purchase nor do respondents have such an association under their leadership.

15. Purchasers of respondents' breeding stock are not given specialized training in the care and breeding of chinchillas.

16. Purchasers of respondents' breeding stock do not receive the benefit of respondents' experience in breeding chinchillas.

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

PAR. 7. In the course and 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 chinchilla breeding stock.

PAR. 8. The use by respondents of the aforesaid false, misleading and deceptive statements representations, and practices has had, and now has, the tendency and capacity 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' chinchillas by reason of said erroneous and mistaken belief. As a consequence thereof, substantial trade in commerce has been, and is being, unfairly diverted to respondents from their competitors and substantial injury has thereby been, and is being, done to competition in commerce.

PAR. 9. The aforesaid acts and practices of the 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 and deceptive acts and practices and unfair methods of competition 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. Respondent Chinchilla Ranchers, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the

State of Wisconsin, with its office and principal place of business located at Route 1, Evansville, Wisconsin.

Respondent Marie Roberts is an officer of Chinchilla Ranchers, Inc., and her address is the same as that of the corporation.

Respondent National Chinchilla Ranches, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Indiana with its office and principal place of business located at Route 1, Evansville, Wisconsin.

Respondent Keith E. Meixell is an officer of National Chinchilla Ranches, Inc., and his address is the same as that of the 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 Chinchilla Ranchers, Inc., a corporation and its officers, and Marie Roberts, individually and as an officer of said corporation, and National Chinchilla Ranches, Inc., a corporation, and its officers, and Keith E. Meixell, individually and as an officer of said last named 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 chinchilla breeding stock in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or by implication, that breeding chinchillas for profit can be undertaken without previous knowledge or experience in the feeding, care and breeding of such animals.

2. Representing, directly or by implication, that chinchillas sold by respondents are top quality stock or that they have a market value of from \$800 to \$3,500 a pair; or misrepresenting in any manner the quality or market value of chinchillas sold by respondents.

3. Representing, directly or by implication, that any given number of mated pairs of chinchillas purchased from the respondents or the offspring of said chinchillas will produce during a stated period of time breeding stock or pelts of a certain quality in any number or quality in excess of that usually and customarily produced by chinchillas sold by respondents or the offspring of said chinchillas.

4. Representing, directly or by implication that chinchilla pelts produced from respondents' breeding stock will be worth any

amount in excess of that usually received by other purchasers of respondents' breeding stock for pelts of like grade and quality.

5. Representing, directly or by implication that fifty pairs of chinchillas will produce an annual net income of \$5,000 within four years or \$25,000 within five years; or that the net earnings or profits which may be derived from raising chinchillas is any amount in excess of the amount usually and customarily earned by breeders of chinchillas purchased from respondents.

6. Representing, directly or by implication that purchasers of respondents' chinchilla breeding stock will receive from the sale of offspring as breeding stock from \$150 to \$400 for a single chinchilla or from \$300 to \$800 per pair of chinchillas or any other amount in excess of that usually and customarily received for animals sold as breeding stock by purchasers of respondents' chinchillas.

7. Representing, directly or by implication, that it is practicable to raise chinchillas in the home or that large profits can be made in this manner.

8. Representing, directly or by implication, that chinchillas are free from disease or that they are not affected by high temperature and humidity.

9. Representing, directly or by implication, that respondents in other than exceptional instances will buy offspring from chinchillas purchased from them for breeding or pelting purposes; or that respondents will pay \$25 for each animal purchased for pelting or will pay \$150 for each animal purchased for breeding or will pay any other amount or amounts in excess of that generally paid by respondents for animals of like grade and quality.

10. Representing, directly or by implication, that respondents will buy back chinchillas from persons who are dissatisfied with their purchases.

11. Representing, directly or by implication, that the Willard H. George Grading System is an accepted standard in the chinchilla industry for determining the quality of chinchilla breeding stock; or that score sheets recording the grading of animals under that system are generally accepted by the chinchilla industry as proof of the quality of the chinchillas purchased from respondents.

12. Representing, directly or by implication that sales by respondents of their chinchilla breeding stock are limited to a few persons in each locality or area.

13. Representing, directly or by implication, that purchasers

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of respondents' chinchillas have been selected to breed chinchillas for resale by respondents.

14. Representing, directly or by implication, that purchasers of respondents' breeding stock will become members of an association of chinchilla breeders under respondents' leadership; or that respondents have any such association under their leadership.

15. Representing, directly or by implication, that purchasers of respondents' chinchilla breeding stock are given specialized training in the care and breeding of chinchillas or are furnished advice by respondents as to the breeding of chinchillas; provided however, that it shall be a defense in any enforcement proceeding for violation hereof for respondents to establish that such training and advice is actually furnished.

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

BELMONT PRODUCTIONS, INC., ET AL.

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

Docket 8613. Complaint, Jan. 10, 1964—Decision, Aug. 23, 1964

Order requiring New York City distributors of paperback books, to cease issuing any abridged or condensed books without disclosing the fact on the title page, substituting a new title for the original on a reprint without disclosing the fact on the title page, and misrepresenting by use of his name on the title page that any person is the author of an entire book when such is not the case.

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 Belmont Productions, Inc., a corporation, John L. Goldwater, Louis H. Silberkleit, Stanley P. Morse, and Maurice Coyne, 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,

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hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Belmont Productions, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its office and principal place of business located at 66 Leonard Street in the city of New York, State of New York.

Respondents John L. Goldwater, Louis H. Silberkleit, Stanley P. Morse and Maurice Coyne are officers of the corporate respondent. 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.

PAR. 2. Respondents are now, and for some time last past have been engaged in the offering for sale, sale and distribution of paper-backed books to distributors and retailers for resale 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 products, when sold, to be shipped from their place of business in the State of New York to purchasers thereof located in 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 products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. Among the books sold by respondents, as aforesaid, are reprints of books from which portions of the text have been deleted; and there are certain other reprints sold as aforesaid which bear different titles from those under which such books were originally published. Respondents in some cases have disclosed the fact of such abridgment by printing such legends as "Uncensored Abridgment," "Authorized Abridgment" and "Authorized Condensation" in small, inconspicuous letters on the lower right corner of the front covers of the aforesaid books.

Respondents do not give any notice of abridgment on the title page of the said books.

In the case of reprints bearing new titles, the new titles are printed in large letters on contrasting backgrounds on the front covers and the original title is printed in small, inconspicuous type either on the lower right or left corner of the front cover or under the new title without sufficient disclosure to indicate the significance and meaning of the original title.

Through the use of the new titles in place of the original titles, in the manner aforesaid, respondents thereby represent or imply, contrary

to the facts, that said books are new books published under the titles set out thereon.

Therefore, the aforesaid statements and representations contained in this paragraph were and are false, misleading and deceptive.

PAR. 5. The said disclosures on the front cover of respondents' said books that such books are abridged, and the manner in which the new titles are set out in relation to the original titles, do not constitute adequate notice of such abridgment or the fact that said books are reprints under a new name, in that such disclosures are not noticeable to prospective purchasers and are not displayed in such a manner or position as readily to attract the attention of prospective purchasers. Moreover, the appearance of the original title in small inconspicuous type, as aforesaid, has the tendency and capacity to lead some members of the purchasing public into the mistaken belief that said title is a subtitle and not the title under which the same book was published originally.

PAR. 6. Among the books sold by respondents, as aforesaid, are certain books which contain essays, articles or short stories written by well known authors. Respondents print the name or names (usually one name) of the popular author or authors on the front cover, spine and title page of a given book in such manner as to indicate at first glance that the well known author has written or authors have written either the entire contents or a substantial portion of the book.

Typical of this practice is the respondents' publication, *L506*. At the top of the front cover of the said book in large and conspicuous capital letters is the name, "HEMINGWAY." Directly below the aforesaid name in smaller and less conspicuous capital letters is the legend, "THE SECRET AGENT'S BADGE OF COURAGE." At the bottom of the front cover in still smaller and less conspicuous capital and lower case letters is the following legend, "The world's greatest spy stories edited by Kurt Singer with Eric Ambler, Pearl Buck, Joseph Conrad and others." The title page of the aforesaid book bears the following legend in the following manner, "THE SECRET AGENT'S BADGE OF COURAGE Ernest Hemingway." The spine of the aforesaid book bears the following legend in the following manner, "HEMINGWAY The Secret Agent's Badge of Courage."

In truth and in fact, "The Secret Agent's Badge of Courage" is a one page essay written by the well known author, the late Ernest Hemingway; said essay appears on page 158 of the aforesaid book. The said book contains 158 pages and the remaining 157 pages contain essays, articles and short stories written by other authors.

Another example of the aforesaid practice is the respondents' publication, 232. At the top of the front cover of the said book in large and conspicuous capital letters is the name, "IRWIN SHAW." Directly below the aforesaid name in equally large and conspicuous capital letters is the legend, "THE DAY THE WAR ENDS." Directly below this and as a part of or continuation of the aforesaid legend in smaller and less conspicuous lower case letters is the following, "and other exciting battlefield stories." At the bottom of the front cover in small and inconspicuous type is the following legend, "Selected from the \$3.95 best-seller *Civilians Under Arms*. Edited by Herbert Mitgang." The title page of the aforesaid book bears the following legend in the following manner, "THE DAY THE WAR ENDS IRWIN SHAW." The spine of the aforesaid book bears the following legend in the following manner, "THE DAY THE WAR ENDS IRWIN SHAW."

In truth and in fact, "THE DAY THE WAR ENDS" is a two page article written by the well known author, Irwin Shaw; said article appears on pages 120 and 121 of the aforesaid book. The book contains 140 pages and the remaining 138 pages contain essays, articles and short stories written by other authors.

Respondents also publish certain books which feature the name of a well known person on the front cover, spine and title page, in such manner as to indicate at first glance that the well known person has written or authored either the entire contents or a substantial portion of the book.

Typical of the practice is the respondents' publication L519. At the top of the front cover of said book is the legend, "The Threatening Prelude to World War III . . . Authentic Soviet Blueprint For World Conquest." Directly below the aforesaid legend in large and conspicuous type is the title, "KHRUSHCHEV'S MEIN KAMPF." At the bottom of the said front cover in conspicuous, contrasting type is the following statement, "With Background By Pulitzer Prize Winner HARRISON E. SALISBURY Specialist in Soviet Affairs, The New York Times." The title page of the aforesaid book bears the following legend in the following manner, "KHRUSHCHEV'S MEIN KAMPF' with Background by Pulitzer Prize Winner HARRISON E. SALISBURY, Specialist in Soviet Affairs for The New York Times."

Said statements and misrepresentations thereby represent, directly or by implication, that this publication is either written or authored by Nikita Khrushchev, Soviet Premier and Chairman of the Council of Ministers for the Soviet Union. Said statements and representations are further enhanced by the back cover, which contains a picture of Nikita Khrushchev, and the following statement beneath his picture:

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No chapter of Hitler's MEIN KAMPF ever spelled out a dictator's goal more clearly.—Time Magazine

In truth and in fact, said publication is not written or authored by Nikita Khrushchev. In fact, the main body or text of the book is a "draft" of the "Program of the Soviet Communist Party." This disclosure appears inconspicuously on the unnumbered page 3 of the publication wherein it states:

This Belmont paperback contains the complete text of the draft program of the Soviet Communist Party, an exclusive background published by special arrangement with Harrison E. Salisbury, and the authentic Rules of the Communist Party—as given by the Party itself—stating plainly what it means to be a member of the Communist Party.

By and through the use of the names of well known authors and persons, as aforesaid, respondents thereby represent contrary to the fact, that said books are written in whole or in substantial part by the well known authors or persons whose names are featured on the front covers, spines and title pages.

Therefore, the aforesaid statements and representations contained in this paragraph were and are false, misleading and deceptive.

PAR. 7. The respondents' said acts and practices further serve to place in the hands of others the means and instrumentalities through which the purchasing public may be misled with respect to the abridgement, prior publication and authorship of respondents' books.

PAR. 8. The failure of respondents to make adequate disclosure that certain of their books are abridgements, and that certain of their books to which they have given new titles are not different from the books of which they are reprints, and that certain of their books are not written in whole or in substantial part by the authors or persons whose names are featured has had, and now has, the tendency and capacity to lead a substantial portion of the purchasing public into the mistaken and erroneous belief that said books are complete and unabridged, or are new and original publications, or that said books are written in whole or in substantial part by the authors or persons whose names are featured, and to induce a substantial portion of the public to purchase respondents' books by reason of said mistaken and erroneous belief.

PAR. 9. In the course 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 books of the same general nature and kind as that sold by respondents.

PAR. 10. The aforesaid acts and practices of respondents, as herein alleged, were and are all to the prejudice and injury of the public and

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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.

Mr. Thomas J. Whitehead for the Commission.

Mr. Benjamin E. Winston of New York, N.Y., for the respondents.

INITIAL DECISION BY WALTER R. JOHNSON, HEARING EXAMINER
JULY 13, 1964

In the complaint issued by the Commission on January 10, 1964, the respondents are charged with violating the Federal Trade Commission Act by failing to adequately disclose that certain of the paper-backed books, which they sell and distribute in commerce, are abridgements, that new titles are given to certain books which are reprints, and that substantial parts of certain books are not written by the persons whose names are featured thereon. It is alleged that such acts have "the tendency and capacity to lead a substantial portion of the purchasing public into the mistaken and erroneous belief that said books are complete and unabridged, or are new and original publications, or that said books are written in whole or in substantial part by the authors or persons whose names are featured, * * *."

The respondents filed an answer on February 14, 1964, admitting in part and denying in part the allegations of the complaint, and asked that the complaint be dismissed. On order of the hearing examiner, a pre-hearing conference was scheduled to be held on March 18, 1964. At the request of counsel for the parties, the pre-hearing conference was cancelled to permit such counsel to negotiate with the view of disposing of the proceeding without hearings. On June 23, 1964, the respondents filed a motion for leave to withdraw their original answer to the complaint and to file a substitute answer submitted with the motion. The substitute answer reads:

COME NOW, personally, the undersigned respondents in the above-mentioned proceeding and answering the complaint, state as follows, in the interest of an expeditious termination of the proceeding and solely for the purposes of this proceeding and for no other purposes:

1. That they elect not to further contest the allegations of fact set forth in the Complaint and that, pursuant to Section 3.5(b) (2) of the Commission's Rules of Practice, they admit all the material allegations of the Complaint.¹

¹ Section 3.5(b) (2) of the Commission's Rules reads:

"(2) If allegations of complaint are admitted.—If the respondent elects not to contest the allegations of fact set forth in the complaint, his answer shall consist of a statement

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An order was entered granting leave to respondents to file the substitute answer. Along with the aforementioned motion, there was submitted to the hearing examiner a stipulation executed by counsel supporting the complaint and the respondents, together with their attorney, which was received in the record, setting forth a proposed order that they considered appropriate to be entered in connection with the disposition of this case. The proposed order is identical with the form of order set forth in the complaint "which the Commission has reason to believe should issue if the facts are found to be as alleged in the complaint."

FINDINGS OF FACT

Upon consideration of the record herein, the hearing examiner makes the following findings of fact and conclusions:

Respondent Belmont Productions, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its office and principal place of business located at 66 Leonard Street in the city of New York, State of New York.

Respondents John L. Goldwater, Louis H. Silberkleit, Stanley P. Morse and Maurice Coyne are officers of the corporate respondent. 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.

Respondents are now, and for some time last past have been engaged in the offering for sale, sale and distribution of paper-backed books to distributors and retailers for resale to the public.

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

that he admits all of the material allegations to be true. Such an answer shall constitute a waiver of hearings as to the facts alleged in the complaint, and together with the complaint will provide a record basis on which the hearing examiner shall file an initial decision containing appropriate findings and conclusions and an appropriate order disposing of the proceeding. In such an answer the respondent may, however, reserve the right to submit proposed findings and conclusions and the right to appeal the initial decision to the Commission under § 3.22".

Among the books sold by respondents, as aforesaid, are reprints of books from which portions of the text have been deleted; and there are certain other reprints sold as aforesaid which bear different titles from those under which such books were originally published. Respondents in some cases have disclosed the fact of such abridgment by printing such legends as "Uncensored Abridgment," "Authorized Abridgment" and "Authorized Condensation" in small, inconspicuous letters on the lower right corner of the front covers of the aforesaid books.

Respondents do not give any notice of abridgment on the title page of the said books.

In the case of reprints bearing new titles, the new titles are printed in large letters on contrasting backgrounds on the front covers and the original title is printed in small, inconspicuous type either on the lower right or left corner of the front cover or under the new title without sufficient disclosure to indicate the significance and meaning of the original title.

Through the use of the new titles in place of the original titles, in the manner aforesaid, respondents thereby represent or imply, contrary to the facts, that said books are new books published under the titles set out thereon.

Therefore, the aforesaid statements and representations contained in this paragraph were and are false, misleading and deceptive.

The said disclosures on the front cover of respondents' said books that such books are abridged, and the manner in which the new titles are set out in relation to the original titles, do not constitute adequate notice of such abridgment or the fact that said books are reprints under a new name, in that such disclosures are not noticeable to prospective purchasers and are not displayed in such a manner or position as readily to attract the attention of prospective purchasers. Moreover, the appearance of the original title in small inconspicuous type, as aforesaid, has the tendency and capacity to lead some members of the purchasing public into the mistaken belief that said title is a subtitle and not the title under which the same book was published originally.

Among the books sold by respondents, as aforesaid, are certain books which contain essays, articles or short stories written by well known authors. Respondents print the name or names (usually one name) of the popular author or authors on the front cover, spine and title page of a given book in such manner as to indicate at first glance that the well known author has written or authors have written either the entire contents or a substantial portion of the book.

Typical of this practice is the respondents' publication, *L506*. At the top of the front cover of the said book in large and conspicuous capital letters is the name, "HEMINGWAY." Directly below the aforesaid name in smaller and less conspicuous capital letters is the legend, "THE SECRET AGENT'S BADGE OF COURAGE." At the bottom of the front cover in still smaller and less conspicuous capital and lower case letters is the following legend, "The world's greatest spy stories edited by Kurt Singer with Eric Ambler, Pearl Buck, Joseph Conrad and others." The title page of the aforesaid book bears the following legend in the following manner, "THE SECRET AGENT'S BADGE OF COURAGE Ernest Hemingway." The spine of the aforesaid book bears the following legend in the following manner, "HEMINGWAY The Secret Agent's Badge of Courage."

In truth and in fact, "The Secret Agent's Badge of Courage" is a one page essay written by the well known author, the late Ernest Hemingway; said essay appears on page 158 of the aforesaid book. The said book contains 158 pages and the remaining 157 pages contain essays, articles and short stories written by other authors.

Another example of the aforesaid practice is the respondents' publication, *232*. At the top of the front cover of the said book in large and conspicuous capital letters is the name, "IRWIN SHAW." Directly below the aforesaid name in equally large and conspicuous capital letters is the legend, "THE DAY THE WAR ENDS." Directly below this and as a part of or continuation of the aforesaid legend in smaller and less conspicuous lower case letters is the following, "and other exciting battlefield stories." At the bottom of the front cover in small and inconspicuous type is the following legend, "Selected from the \$2.95 best-seller *Civilians Under Arms*, Edited by Herbert Mitgang." The title page of the aforesaid book bears the following legend in the following manner, "THE DAY THE WAR ENDS IRWIN SHAW." The spine of the aforesaid book bears the following legend in the following manner, "THE DAY THE WAR ENDS IRWIN SHAW."

In truth and fact, "THE DAY THE WAR ENDS" is a two page article written by the well known author, Irwin Shaw; said article appears on pages 120 and 121 of the aforesaid book. The book contains 140 pages and the remaining 138 pages contain essays, articles and short stories written by other authors.

Respondents also publish certain books which feature the name of a well known person on the front cover, spine and title page, in such manner as to indicate at first glance that the well known person has written or authored either the entire contents or a substantial portion of the book.

Typical of the practice is the respondents' publication *L519*. At the top of the front cover of said book is the legend, "The Threatening Prelude to World War III * * * Authentic Soviet Blueprint For World Conquest." Directly below the aforesaid legend in large and conspicuous type is the title, "KHRUSHCHEV'S MEIN KAMPF." At the bottom of the said front cover in conspicuous, contrasting type is the following statement, "With Background By Pulitzer Prize Winner HARRISON E. SALISBURY Specialist in Soviet Affairs, The New York Times." The title page of the aforesaid book bears the following legend in the following manner, "KHRUSHCHEV'S MEIN KAMPF with Background by Pulitzer Prize Winner HARRISON E. SALISBURY, Specialist in Soviet Affairs for The New York Times."

Said statements and misrepresentations thereby represent, directly or by implication, that this publication is either written or authored by Nikita Khrushchev, Soviet Premier and Chairman of the Council of Ministers for the Soviet Union. Said statements and representations are further enhanced by the back cover, which contains a picture of Nikita Khrushchev, and the following statement beneath his picture:

No chapter of Hitler's MEIN KAMPF ever spelled out a dictator's goal more clearly.—Time Magazine

In truth and in fact, said publication is not written or authored by Nikita Khrushchev. In fact, the main body or text of the book is a "draft" of the "Program of the Soviet Communist Party." This disclosure appears inconspicuously on the unnumbered page 3 of the publication wherein it states:

This Belmont paperback contains the complete text of the draft program of the Soviet Communist Party, an exclusive background published by special arrangement with Harrison E. Salisbury, and the authentic Rules of the Communist Party—as given by the Party itself—stating plainly what it means to be a member of the Communist Party.

By and through the use of the names of well known authors and persons, as aforesaid, respondents thereby represent contrary to the fact, that said books are written in whole or in substantial part by the well known authors or persons whose names are featured on the front covers, spines and title pages.

Therefore, the aforesaid statements and representations contained in this paragraph were and are false, misleading and deceptive.

The respondents' said acts and practices further serve to place in the hands of others the means and instrumentalities through which the purchasing public may be misled with respect to the abridgment, prior publication and authorship of respondents' books.

The failure of respondents to make adequate disclosure that certain of their books are abridgments, and that certain of their books to which they have given new titles are not different from the books of which they are reprints, and that certain of their books are not written in whole or in substantial part by the authors or persons whose names are featured has had, and now has, the tendency and capacity to lead a substantial portion of the purchasing public into the mistaken and erroneous belief that said books are complete and unabridged, or are new and original publications, or that said books are written in whole or in substantial part by the authors or persons whose names are featured, and to induce a substantial portion of the public to purchase respondents' books by reason of said mistaken and erroneous belief.

In the course 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 books of the same general nature and kind as that sold by respondents.

The aforesaid acts and practices of respondents, as herein found, 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.

ORDER

It is ordered, That respondents, Belmont Productions, Inc., a corporation, and its officers, and John L. Goldwater, Louis H. Silberkleit, Stanley P. Morse and Maurice Coyne, individually and as officers 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 and distribution of paperbacked books, or other products, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Offering for sale or selling any abridged copy of a book unless one of the following words, "abridged," "abridgement," "condensed" or "condensation," or some other word or phrase stating with equal clarity that said book is abridged, appears in clear, conspicuous type upon the front cover and upon the title page of the book, either in immediate connection with the title or in another position adapted readily to attract the attention of a prospective purchaser.
2. Using or substituting a new title for, or in place of, the original title of a reprinted book unless a statement which re-

veals the original title of the book and that it has been previously published thereunder appears in clear and conspicuous type upon the front cover and upon the title page of the book, either in immediate connection with the title or in another position adapted readily to attract the attention of a prospective purchaser.

3. Representing, through the manner in which the name of any person is set forth on the front cover or title page of a book, that such person is the author of all or of a substantial part of the book unless a statement which discloses the actual contribution to the book made by the person whose name is so used appears in immediate conjunction with such person's name upon the front cover and title page of the book or in another position readily adapted to attract the attention of a prospective purchaser.

4. Disseminating advertising pertaining to any abridged copy of a book unless such advertising discloses the fact of abridgement in clear, conspicuous type either in immediate connection with the title under which the book is sold or in another position readily adapted to attract the attention of a prospective purchaser.

5. Disseminating advertising pertaining to a book reprint having a substitute title unless such advertising contains a statement revealing the original title and that the book has been published thereunder in clear, conspicuous type either in immediate connection with the title under which the book is sold or in another position readily adapted to attract the attention of a prospective purchaser.

6. Disseminating advertising which represents in any manner contrary to fact that a person is the author of all or a substantial part of a book unless such advertising contains a statement disclosing the actual contribution of the person in clear, conspicuous type either in immediate connection with the title under which the book is sold or in another position readily adapted to attract the attention of a prospective purchaser.

7. Placing in the hands of others any means or instrumentalities by or through which they may mislead the public as to any of the matters and things set out in Paragraphs 1 through 6 inclusive.

DECISION OF THE COMMISSION AND ORDER TO FILE REPORT OF COMPLIANCE

The Commission having determined that the initial decision of the hearing examiner filed July 13, 1964, should be modified by striking therefrom certain paragraphs which are unnecessary and confusing,

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and that said initial decision as so modified should be adopted as the decision of the Commission:

It is ordered, That the initial decision be, and it hereby is, modified by striking therefrom the penultimate paragraph on page four, beginning with the word "Therefore" and the last paragraph on page seven, also beginning with the word "Therefore."

It is further ordered, That the initial decision as so modified be, and it hereby is, adopted as the decision of the Commission, effective August 28, 1964.

It is further ordered, That 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 the order to cease and desist.

IN THE MATTER OF

HOBART LABORATORIES, INC.

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

Docket C-821. Complaint, Aug. 28, 1964—Decision, Aug. 28, 1964

Consent order requiring Chicago distributors of a drug preparation designated "Nuzine," offered for the treatment of piles or hemorrhoids, to cease misrepresenting in newspaper and magazine and other advertising, the therapeutic effects of their product.

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 Hobart Laboratories, Inc., 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 Hobart Laboratories, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Oklahoma with its principal office and place of business located at 900 North Franklin Street in the city of Chicago, State of Illinois.

PAR. 2. Respondent Hobart Laboratories, Inc., is now and for some time last past has been, engaged in the sale and distribution of a prep-

aration offered for the treatment of piles or hemorrhoids and coming within the classification of drugs as the term "drug" is defined in the Federal Trade Commission Act.

The designation used by respondent Hobart Laboratories, Inc., for said preparation, the formula thereof and directions for use are as follows:

Designation.—Nuzine.

Formula.—The active ingredients for "Nuzine" are as follows:

Guaiacol—U.S.P., 1.66; Oxyquinoline Sulphate, 0.42; Zinc Oxide, 2.50; Glycerine—C.P., 1.66; Lanum (anhyd.), 43.76; Petrolatum, 50.00.

Directions.—NUZINE does not contain narcotics, thus it may be used as often as needed to relieve pain and discomfort.

1. The affected parts should be cleansed with warm water and soap.
2. Remove cap and replace with special rectal applicator.
3. Lubricate the nozzle of the tube before inserting it into the rectum, by pressing out a small amount of the NUZINE into the palm of the hand and rotating the applicator nozzle therein. A small amount applied to external hemorrhoids will help to relieve soreness and inflammation.

NUZINE should be used after bowel movement and before retiring or as directed by the physician.

If ointment is difficult to expel, place tube in warm water for a few minutes before application.

PAR. 3. Respondent Hobart Laboratories, Inc., causes the said preparation, when sold, to be transported from its place of business located at 900 North Franklin Street, Chicago, Illinois, to purchasers thereof located in various other States of the United States and in the District of Columbia. Respondent maintains, and at all times mentioned herein has maintained, a course of trade in said preparation in commerce, as "commerce" is defined in the Federal Trade Commission Act. The volume of business in such commerce has been and is substantial.

PAR. 4. In the course and conduct of its said business, respondent has disseminated, and caused the dissemination of, certain advertisements concerning the said preparation by the United States mails and by various means in commerce, as "commerce" is defined in the Federal Trade Commission Act, including, but not limited to, advertisements inserted in newspapers, magazines and other advertising media in various States of the United States, and in the District of Columbia, for the purpose of inducing and which were likely to induce, directly or indirectly, the purchase of said preparation; and has disseminated, and caused the dissemination of, advertisements concerning said preparation by various means, including but not limited to the aforesaid media for the purpose of inducing and which were likely to induce, directly or indirectly, the purchase of said preparation in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 5. Among and typical of the statements and representations contained in said advertisements disseminated as hereinabove set forth are the following:

NUZINE Rectal Ointment STOPS Itching Torture

Acts to SHRINK Painful HEMORRHOID SWELLING

Amazing new NUZINE is a special formula that acts to shrink painfully inflamed swollen tissue * * * soothe soreness and pain * * * stop itching * * * gives FAST, comforting relief.

HEMORRHOIDS?

Quick Comfort * * *

NUZINE OINTMENT

- Stops Itching
- Soothes Pain
- Reduces Swelling
- Aids Healing

PAR. 6. Through the use of said advertisements, and others similar thereto not specifically set out herein, respondent has represented and is now representing, directly or by implication that the use of "Nuzine" will:

1. Reduce or shrink piles;
2. Eliminate all itch due to or ascribed to piles;
3. Relieve all pain attributed to or caused by piles.

PAR. 7. In truth and in fact the use of "Nuzine" will not:

1. Reduce or shrink piles;
2. Eliminate all itch due to or ascribed to piles;
3. Relieve all pain attributed to or caused by piles;
4. Afford any relief or have any therapeutic effect upon the condition known as piles or upon any of the symptoms or manifestations thereof in excess of affording temporary relief of minor pain or minor itching associated with piles.

Therefore, the advertisements referred to in Paragraph Five were and are misleading in material respects and constituted and now constitute, "false advertisements" as that term is defined in the Federal Trade Commission Act.

PAR. 8. The dissemination by the respondent of the false advertisements, as aforesaid, constituted, and now constitutes, unfair and deceptive acts and practices in commerce, in violation of Sections 5 and 12 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 Hobart Laboratories, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Oklahoma, with its office and principal place of business located at 900 North Franklin Street, 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 respondent and the proceeding is in the public interest.

ORDER

It is ordered, That respondent Hobart Laboratories, Inc., a corporation, and its officers, and respondent's representatives, agents and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of "Nuzine," or any other preparation of substantially similar composition or possessing substantially similar properties, do forthwith cease and desist from directly or indirectly:

1. Disseminating, or causing the dissemination of any advertisement by means of the United States mails or by any means in commerce, as "commerce" is defined in the Federal Trade Commission Act, which represents directly or by implication that the use of respondent's preparation will:

- (a) Reduce or shrink piles;
- (b) Eliminate all itch due to or ascribed to piles;
- (c) Relieve all pain attributed to or caused by piles;
- (d) Afford any relief or have any therapeutic effect upon

the condition known as piles or upon any of the symptoms or manifestations thereof in excess of affording temporary relief of minor pain or minor itching associated with piles.

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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 of respondent's preparation, 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 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

VICTOR CASUALS, INC., ET AL.

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

Docket C-822. Complaint, Aug. 31, 1964—Decision, Aug. 31, 1964

Consent order requiring New York City manufacturers of wool products to cease violating the Wool Products Labeling Act by such practices as labeling skirts as "85% reprocessed cashmere, 15% nylon" when they contained substantially different amounts of fibers than thus represented, failing to label certain skirts with the required information, and using the word "cashmere" in lieu of "wool" on labels without setting forth the correct percentage of cashmere.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Wool Products Labeling Act of 1939 and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Victor Casuals, Inc., a corporation, and Shirley Bergman, individually and as an officer of said corporation and Victor Bergman, individually and as an employee of said corporation, hereinafter referred to as respondents, have violated the provisions of the said Acts and the Rules and Regulations promulgated under the Wool Products Labeling Act of 1939, 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 Victor Casuals, Inc., is a corporation, organized, existing and doing business under and by virtue of the laws of the State of New York.

Individual respondent Shirley Bergman is an officer of said corpora-

tion. Individual respondent Victor Bergman is an employee of said corporation. They cooperate in formulating, directing and controlling the acts, policies and practices of the corporate respondent including the acts and practices hereinafter referred to.

Respondents are manufacturers of wool products with their office and principal place of business located at 810 Broadway, Brooklyn, New York.

PAR. 2. Subsequent to the effective date of the Wool Products Labeling Act of 1939, respondents have manufactured for introduction into commerce, introduced into commerce, sold, transported, distributed, delivered for shipment, shipped and offered for sale in commerce as "commerce" is defined in said Act, wool products as "wool product" is defined therein.

PAR. 3. Certain of said wool products were misbranded by respondents within the intent and meaning of Section 4(a)(1) of the Wool Products Labeling Act of 1939 and the Rules and Regulations promulgated thereunder, in that they were falsely and deceptively stamped, tagged, labeled or otherwise identified with respect to the character and amount of the constituent fibers contained therein.

Among such misbranded wool products but not limited thereto, were skirts stamped, tagged, labeled or otherwise identified as containing 85% reprocessed cashmere, 15% nylon, whereas in truth and in fact, said skirts contained substantially different amounts of fibers than represented.

PAR. 4. Certain of said wool products were further misbranded by respondents in that they were not stamped, tagged, labeled or otherwise identified as required under the provisions of Section 4(a)(2) of the Wool Products Labeling Act of 1939 and in the manner and form as prescribed by the Rules and Regulations promulgated under said Act.

Among such misbranded wool products, but not limited thereto, were certain skirts with labels on or affixed thereto which failed to disclose the percentage of the total fiber weight of the wool product, exclusive of ornamentation, but not exceeding five per centum of said total fiber weight of: (1) woolen fibers; (2) each fiber other than wool if said percentage by weight of such fiber is five per centum or more; (3) the aggregate of all other fibers.

PAR. 5. Certain of said wool products were misbranded in violation of the Wool Products Labeling Act of 1939, in that they were not labeled in accordance with the Rules and Regulations promulgated thereunder, in that the term "cashmere" was used in lieu of the word "wool" in setting forth the required fiber content information on labels

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affixed to wool products without setting forth the correct percentage of the cashmere, in violation of Rule 19 of the Rules and Regulations under the Wool Products Labeling Act of 1939.

PAR. 6. The acts and practices of the respondents as set forth above were, and are in violation of the Wool Products Labeling Act of 1939 and the Rules and Regulations promulgated thereunder, and constituted, and now constitute, unfair and deceptive acts and practices and unfair methods of competition in commerce, within the intent and meaning of the Federal Trade Commission Act.

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 Wool Products Labeling Act of 1939, 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 Victor Casuals, Inc., is a corporation, organized, existing and doing business under and by virtue of the laws of the State of New York, with its office and principal place of business located at 810 Broadway, Brooklyn, New York.

Respondent Shirley Bergman is an officer of said corporation and respondent Victor Bergman is an employee of said corporation. 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 respondent Victor Casuals, Inc., a corporation and its officers, and Shirley Bergman individually and as an officer

of said corporation, and Victor Bergman individually and as an employee 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 offering for sale, sale, transportation, distribution or delivery for shipment, or shipment in commerce, of skirts or other wool products, as "commerce" and "wool product" are defined in the Wool Products Labeling Act of 1939, do forthwith cease and desist from:

Misbranding such products by:

1. Falsely and deceptively stamping, tagging, labeling or otherwise identifying such products as to the character or amount of constituent fibers contained therein.
2. Failing to securely affix to, or place on, each such product a stamp, tag, label or other means of identification showing in a clear and conspicuous manner each element of information required to be disclosed by Section 4(a)(2) of the Wool Products Labeling Act of 1939.
3. Using the term "cashmere" in lieu of the word "wool" in setting forth the required fiber content information on labels affixed to wool products without setting forth the correct percentage of the cashmere present.

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

JOSEPH YEZZI DOING BUSINESS AS
YEZZI ETC.

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