

IN THE MATTER OF

HANDMACHER CO., 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-893. Complaint, Apr. 15, 1965 — Decision, Apr. 15, 1965

Consent order requiring Chicago, Ill., retailers of fur products, to cease misbranding, falsely and deceptively invoicing and advertising their fur products by misrepresenting prices of fur products on labels, on invoices, and in advertisements as reduced from prevailing retail prices, when the so-called retail prices were fictitious, failing to maintain adequate records to substantiate pricing and percentage claims, failing to use the term "Natural" on invoices to describe fur products which were not bleached or dyed, and failing to show on invoices the true animal name of furs.

Complaint

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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 Handmacher Co., Inc., a corporation, formerly Handmacher Company, a partnership and Abner T. Harris and Philip Handmacher, formerly copartners trading as Handmacher Company and hand-moor, and Abner T. Harris and Philip Handmacher, individually and as officers of said corporation, formerly copartners trading as Handmacher Company and hand-moor, 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 Handmacher Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, formerly Handmacher Company, a partnership and Abner T. Harris and Philip Handmacher, formerly copartners trading as Handmacher Company and hand-moor, and Abner T. Harris and Philip Handmacher, individually and as officers of said corporation, formerly copartners trading as Handmacher Company and hand-moor. Individual respondents Abner T. Harris and Philip Handmacher are officers of the said corporation and they formulate, direct and control the acts, practices and policies of the said corporation.

Respondents are retailers of fur products with their office and principal place of business located at 216 West Jackson Boulevard, Chicago, Illinois.

PAR. 2. Subsequent to the effective date of the Fur Products Labeling Act on August 9, 1952, respondents have been and are now engaged in the introduction into commerce, and in the sale, advertising, and offering for sale in commerce, and in the transportation and distribution in commerce, of fur products, and have sold, advertised, 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 or otherwise falsely and de-

ceptively identified, in violation of Section 4(1) of the Fur Products Labeling Act.

Among such falsely and deceptively labeled fur products but not limited thereto was a fur product with a label affixed thereto which contained a statement "Retail Price—\$175.00 Discount Price—Much Less." By means of the aforesaid statement respondents represented either directly or by implication, that substantial sales of such fur product had been made in the respondents' trade area at the indicated "Retail Price" of \$175.00, and that savings were afforded the purchasers of said fur product. In truth and in fact the indicated "Retail Price" was fictitious in that it was in excess of the prices at which substantial sales of such fur product were made in the respondents' trade area and the indicated savings were not afforded purchasers of such fur products as represented.

PAR. 4. 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 to show the true animal name of the fur used in the fur product.

PAR. 5. Respondents falsely and deceptively invoiced fur products in violation of Section 5(b)(2) of the Fur Products Labeling Act by setting forth on invoices the statement "Prices Always Below Retail" thereby representing that the prices of respondents' fur products were always below the retail prices charged for such products in the respondents' trade area when in truth and in fact respondents' prices of fur products were not always below the prices charged for fur products in the respondents' trade area.

PAR. 6. Certain of said fur products were falsely and deceptively invoiced in violation of the Fur Products Labeling Act in that they were not invoiced in accordance with the Rules and Regulations promulgated thereunder in the following respects:

(a) Information required under Section 5(b)(1) of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder was set forth on invoices in abbreviated form, in violation of Rule 4 of said Rules and Regulations.

(b) 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. 7. Certain of said fur products were falsely and deceptively advertised in violation of the Fur Products Labeling Act in that certain advertisements intended to aid, promote and assist, directly or indirectly, in the sale and offering for sale of such fur products were not in accordance with the provisions of Section 5(a) of the said Act.

Among and included in the aforesaid advertisements, but not limited thereto, were advertisements of respondents which appeared in issues of the Chicago Tribune, a newspaper published in the city of Chicago, State of Illinois.

Among such false and deceptive advertisements, but not limited thereto, were advertisements wherein respondents falsely and deceptively advertised fur products in that said advertisements represented that the prices of fur products were reduced from respondents' former prices and that the amount of such price reductions afforded savings to the purchasers of respondents' fur products. In truth and in fact the alleged former prices were fictitious in that they were not actual, bona fide prices at which respondents offered the fur products to the public on a regular basis for a reasonably substantial period of time in the recent regular course of business and the said fur products were not reduced in price as represented and the represented savings were not thereby afforded to the purchasers, in violation of Section 5(a)(5) of the Fur Products Labeling Act and Rule 44(a) of the Rules and Regulations promulgated under the said Act.

PAR. 8. In advertising fur products for sale as aforesaid, respondents represented through such statements as "Guaranteed Savings of 30% to 50%" that prices of fur products were reduced in direct proportion to the percentages stated and that the amount of said reduction afforded savings to the purchasers of respondents' product when in fact such prices were not reduced in direct proportion to the percentages stated and represented savings were not thereby afforded to the said purchasers, in violation of Section 5(a)(5) of the Fur Products Labeling Act.

PAR. 9. Respondents falsely and deceptively advertised fur products, in violation of Section 5(a)(5) of the Fur Products Labeling Act and Rule 44(a) of the said Rules and Regulations in that labels affixed to fur products misrepresented the retail prices of such fur products in the respondents' trade area and misrepresented the savings available to purchasers of respondents' fur products.

Among such falsely and deceptively advertised fur products but not limited thereto, was a fur product with a label affixed thereto

which contained a statement "Retail Price—\$175.00 Discount Price—Much Less." By means of the aforesaid statement, respondents represented either directly or by implication that substantial sales of such fur product had been made in respondents' trade area at the indicated "Retail Price" of \$175.00 and that savings were afforded purchasers of such fur product. In truth and in fact the indicated "Retail Price" was fictitious in that it was in excess of the prices at which substantial sales of such fur product were made in the respondents' trade area and the indicated savings were not afforded purchasers of said fur products as represented.

PAR. 10. In advertising fur products for sale, as aforesaid, respondents made pricing claims and representations of the types covered by subsections (a), (b), (c) and (d) of Rule 44 of the Regulations under the Fur Products Labeling Act. Respondents in making such claims and representations failed to maintain full and adequate records disclosing the facts upon which such pricing claims and representations were based, in violation of Rule 44(e) of the said Rules and Regulations.

PAR. 11. 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 constituted 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

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agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent Handmacher Co., Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, formerly Handmacher Company, a partnership and Abner T. Harris and Philip Handmacher, formerly copartners trading as Handmacher Company and hand-moor. Individual respondents Abner T. Harris and Philip Handmacher are officers of the said corporation, formerly copartners trading as Handmacher Company and hand-moor.

Respondents' office and principal place of business is located at 216 West Jackson Boulevard, Chicago, Illinois.

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

ORDER

It is ordered. That respondents Handmacher Co., Inc., a corporation, formerly Handmacher Company, a partnership and Abner T. Harris and Philip Handmacher, formerly copartners trading as Handmacher Company and hand-moor, and its officers and Abner T. Harris and Philip Handmacher, individually and as officers of the said corporation, formerly copartners trading as Handmacher Company and hand-moor, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the 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 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 any price whether accompanied or not by descriptive terminology is the price of a fur product in the respondents' trade area when it is in excess of the price at which substantial sales of such fur products are made in the respondents' trade area.

2. Misrepresenting in any manner the savings available to purchasers of respondents' fur products.

B. Falsely and deceptively invoicing fur products by:

1. Failing to furnish invoices as the term "invoice" is defined in the Fur Products Labeling Act 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. Representing, directly or by implication on invoices through such statement as "Prices Always Below Retail" or words of similar import and meaning that respondents' prices of fur products are always below the retail prices charged for such products in the respondents' trade area when respondents' prices are not always below the retail prices charged for such products in the respondents' trade area.

3. Setting forth information required under Section 5(b)(1) of the Fur Products Labeling Act and Rules and Regulations promulgated thereunder in abbreviated form.

4. 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 Rules and Regulations promulgated thereunder to describe fur products which are not pointed, bleached, dyed, tip-dyed, or otherwise artificially colored.

C. Falsely or deceptively advertising fur products through the use of any advertisement, representation, public announcement or notice which is intended to aid, promote or assist, directly or indirectly, in the sale, or offering for sale of a fur product and which:

1. Represents directly or by implication that any price whether accompanied or not by descriptive terminology is the respondents' former price of fur products when such amount is in excess of the actual, bona fide price at which respondents offered the fur products to the public on a regular basis for a reasonably substantial period of time in the recent regular course of business.

2. Represents directly or by implication that any price whether accompanied or not by descriptive terminology is the price of a fur product in the respondents' trade area when it is in excess of the price at which substantial sales of such fur products are made in the respondents' trade area.

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3. Represents directly or by implication through percentage savings claims that prices of fur products are reduced to afford purchasers of respondents' fur products the percentage of savings stated when the prices of such fur products are not reduced to afford to purchasers the percentage of savings stated.

4. Misrepresents in any manner the savings available to purchasers of respondents' fur products.

5. Falsely or deceptively represents in any manner that prices of respondents' fur products are reduced.

D. Making claims and representations of the types covered by subsections (a), (b), (c) and (d) of Rule 44 of the Rules and Regulations promulgated under the Fur Products Labeling Act unless there are maintained by respondents full and adequate records disclosing the facts upon which such claims and representations are based.

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
CORO, INC., ET AL.