

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

Docket 4305. Complaint, Sept. 6, 1940—Decision, Sept. 13, 1965

Order reopening a proceeding against a New York City rug company, 36 F.T.C.
446, dated March 29, 1943, vacating the order and terminating the case.

ORDER GRANTING REQUEST TO REOPEN PROCEEDING AND
VACATING ORDER TO CEASE AND DESIST

By order of March 25, 1965, the Commission directed respondent,
A. & M. Karagheusian, Inc. (Karagheusian), to show cause why

this proceeding should not be reopened and the order to cease and desist issued herein on March 29, 1943 [36 F.T.C. 446], modified because of certain changed conditions of fact. An answer to this order was filed by counsel for J. P. Stevens & Co., Inc. (Stevens). Included in this answer was a petition filed pursuant to § 3.28(b)(2) of the Commission's Rules of Practice requesting reopening of the proceeding for the purpose of setting aside the order to cease and desist. The grounds for this request, among others, given by counsel are that the corporate existence of Karagheusian has been terminated and that Stevens as the successor to that corporation is not bound by the order to cease and desist.

The petition states that Stevens, a publicly held corporation, acquired all the stock of Karagheusian in an arm's length transaction on February 18, 1964, and that Karagheusian existed as a corporate subsidiary of Stevens until February 1, 1965, when it was dissolved by merger into Stevens. The petition further states that the separate existence of Karagheusian as a subsidiary corporation was terminated for bona fide business reasons and without reference to or consideration of the order in this proceeding.

The Director of the Bureau of Deceptive Practices has not opposed this petition, and the Commission has no reason to believe that the acquisition of Karagheusian by Stevens was made for the purpose of evading the order to cease and desist or that Stevens has participated with Karagheusian in violation of the order or that there is such relationship or continuity of interest between Karagheusian and Stevens as to warrant treating the latter as a successor respondent. On the basis of the information presented, the Commission is of the opinion that Stevens is not bound by the order to cease and desist issued against the respondent corporation and that the dissolution of the respondent corporation constitutes a changed condition of fact which warrants reopening of this proceeding for the purpose of setting aside the order to cease and desist. Accordingly,

It is ordered, That this proceeding be, and it hereby is, reopened.

It is further ordered, That the Commission's order to cease and desist issued in this proceeding on March 29, 1943 [36 F.T.C. 446], be, and it hereby is, vacated and the proceeding terminated.

Complaint

68 F.T.C.

IN THE MATTER OF
DEBUTOGS, INC., ET AL.

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

Docket C-991. Complaint, Sept. 16, 1965—Decision, Sept. 16, 1965

Consent order requiring a New York City manufacturer of wearing apparel, to cease misbranding and falsely advertising its textile fiber products, misrepresenting its textile products as "Water Repellent," and furnishing false guaranties.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, the Textile Fiber Products Identification Act, the Wool Products Labeling Act of 1939 and the Flammable Fabrics Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Debutogs, Inc., and Junior Bazaar, Inc., corporations and Hannah S. Horowitz, individually and as an officer of said corporations, hereinafter referred to as respondents, have violated the provisions of said Acts and the Rules and Regulations promulgated under the Textile Fiber Products Identification Act, the Wool Products Labeling Act of 1939 and the Flammable Fabrics Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondents Debutogs, Inc., and Junior Bazaar, Inc., are corporations organized, existing and doing business under and by virtue of the laws of the State of New York.

Respondent Hannah S. Horowitz is an officer of corporate respondents. She participates in the formulation, direction and control of the acts, practices and policies of corporate respondents including the acts and practices hereinafter set forth.

The respondents are engaged in the manufacture and sale of wearing apparel with their principal place of business located at 512 Seventh Avenue, New York, New York.

PAR. 2. Subsequent to the effective date of the Textile Fiber Products Identification Act on March 3, 1960, respondents have been and are now engaged in the introduction, delivery for introduction, manufacture for introduction, sale, advertising, and offer-