

through which they may deceive and mislead the purchasing public concerning any merchandise in the respect set out above.

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
DAVID YOUNGMAN DOING BUSINESS AS
RAY HAT COMPANY

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

Docket C-1015. Complaint, Nov. 18, 1965—Decision, Nov. 18, 1965

Consent order requiring an individual in New York City engaged in the manufacture of men's hats from previously used or worn hat bodies and then sold to wholesalers, jobbers and retailers for resale to the public, to cease selling or distributing such hats unless they were conspicuously stamped "secondhand," "worn," "used," or "made-over," and to cease misrepresenting that said hats were originally manufactured by a well-known manufacturer.

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 David Youngman, an individual trading as Ray Hat Company, 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 David Youngman is an individual trading as Ray Hat Company. The office and principal place of business of respondent is located at 21 West Fourth Street, New York City, New York.

PAR. 2. Respondent David Youngman, trading and doing business as Ray Hat Company, is engaged in the manufacture of men's hats

from hat bodies which have been previously used or worn. Said hats when manufactured are sold to wholesalers, jobbers and retailers for resale to the public.

PAR. 3. In the course and conduct of his business, respondent causes, and for some time last past has caused, his products, when sold, to be shipped from his place of business in the State of New York to purchasers thereof located in various other States of the United States, and maintains, and at all times mentioned herein has maintained, a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of his business, respondent reconditions or makes over men's hats, using in the process, hat bodies which have been previously used or worn. Respondent places various labels on the exposed surface of the sweat bands of his finished hats.

Typical and illustrative, but not all inclusive, of such is the following:

THIS IS A
JOHN B. STETSON
RENOVATED HAT

PAR. 5. By and through the use of labels such as those illustrated in Paragraph Four hereof, respondent represents, directly or by implication, that:

(1) Each of the hats so labeled was originally manufactured by the John B. Stetson Co., a long-established and well-known manufacturer of men's hats, whose products are widely accepted by the purchasing public; and

(2) Each of the hats so labeled was made entirely from new and unused materials which have not previously been sold to and worn by consumers.

PAR. 6. In truth and in fact:

(1) Each of the hats so labeled was not originally manufactured by the John B. Stetson Co. Among the hats so labeled may be some that were originally manufactured by the John B. Stetson Co. However, respondent also makes over previously used or worn hats originally produced by other manufacturers and respondent does not in his manufacturing process preserve the identity of the original manufacturer of his made over hats.

(2) Each of the hats so labeled was not made entirely from new and unused materials which had not been previously sold to and worn by consumers. All of the hats so labeled are made over from hats which have been previously used or worn by consumers.

Complaint

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

PAR. 7. By the use of the word "renovated" in the labels as illustrated in Paragraph Four hereof and through the absence of words or wording clearly disclosing that his hats are made over from previously used and worn hat bodies, respondent fails to disclose adequately that his hats are made from previously used and worn hat bodies as distinguished from hats made entirely from new and unused materials which have not previously been sold to consumers.

When made over, the hats sold by respondent have the appearance of hats made entirely of new and unused materials which have not previously been sold to consumers and, in the absence of an adequate disclosure that such hats are made from previously used and worn hat bodies, such hats are understood to be and are readily accepted by the purchasing public as being made entirely from new and unused materials which have not previously been sold to and worn by consumers, facts of which the Commission takes official notice. This understanding and acceptance by the public is further enhanced by respondent's use of the John B. Stetson name in his labeling coupled with the absence of any disclosure that such hats are respondent's products.

PAR. 8. There is a preference on the part of the purchasing public for products, including men's hats, produced or manufactured by long-established and well-known business firms, a fact of which the Commission takes official notice.

PAR. 9. By and through the acts and practices herein alleged, respondent places in the hands of others the means and instrumentalities whereby they may mislead and deceive the public in the manner and as to the things herein alleged.

PAR. 10. In the conduct of his business and at all times mentioned herein, respondent has been in substantial competition, in commerce, with corporations, firms and individuals in the sale of men's hats.

PAR. 11. The use by respondent of the aforesaid false, misleading and deceptive statements, representations and practices and his failure to disclose adequately that his hats are made over from previously used and worn hat bodies have had and now have 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; into the erroneous and mistaken belief that respondent's hats are made entirely from new and unused

materials which have not previously been sold to and worn by consumers and into the purchase of substantial quantities of respondent's products by reason of said erroneous and mistaken beliefs.

PAR. 12. The aforesaid acts and practices of respondent, as herein alleged, were and are all to the prejudice and injury of the public and of respondent's 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 respondent named in the caption hereof, and the respondent 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 respondent with violation of the Federal Trade Commission Act; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent 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 respondent 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 respondent has 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 David Youngman is an individual trading and doing business as Ray Hat Company with his office and principal place of business located at 21 West Fourth Street, New York City, New York.

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 David Youngman, an individual trading and doing business as Ray Hat Company or under any other name or names, 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 hats in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

(1) Offering for sale, selling or distributing discarded, secondhand or previously used hats that have been rebuilt, reconstructed, reconditioned or otherwise made over, or hats that are composed in whole or in part of materials which have previously been worn or used, unless a statement that said hats are composed of secondhand, or used materials (e.g. "secondhand," "worn," "used," or "madeover") is stamped in some conspicuous place on the exposed surface of the inside of the hat in clearly legible terms which cannot be obliterated without mutilating the hat itself: *Provided*, That, if sweat bands or bands similar thereto are attached to said hats, such statement may be stamped upon the exposed surface of such bands: *Providing*, That said stampings be of such a nature that it cannot be removed or obliterated without mutilating the band and the band itself cannot be removed without rendering the hat unserviceable.

(2) Representing, directly or by implication, in labeling or in any other manner, that the hats sold by respondent were or are made from hats originally manufactured by any particular hat manufacturer.

(3) Placing in the hands of others the means and instrumentalities by and through which they may mislead and deceive the public as to the matters and things set forth in Paragraphs (1) and (2) of this order.

It is further ordered, That the respondent herein shall, within sixty (60) days after service upon him of this order, file with the Commission a report in writing setting forth in detail the manner and form in which he has complied with this order.

IN THE MATTER OF

KING'S DEPARTMENT STORES, INC., ET AL.

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