

Complaint

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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

YOUTHCRAFT MANUFACTURING COMPANY, INC., ET AL.

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

Docket C-1040. Complaint, Feb. 3, 1966—Decision, Feb. 3, 1966

Consent order requiring two Kansas City, Mo., manufacturers, wholesalers, and retailers to cease misbranding their wool, fur, and textile fiber products, furnishing false guaranties that their fur and textile fiber products were not misbranded, and deceptively invoicing and advertising their furs.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, the Wool Products Labeling Act of 1939, the Fur Products Labeling Act, and the Textile Fiber Products Identification Act and by virtue of the authority vested in it by said Acts, the Federal Trade Commission having reason to believe that Youthcraft Manufacturing Company, Inc., a corporation, and Coronet Manufacturing Company, Inc., a corporation, and Leon Karosen, 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 Wool Products Labeling Act of 1939, the Fur Products Labeling Act and the Textile Fiber Products Identification 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 Youthcraft Manufacturing Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware.

Respondent Coronet Manufacturing Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware.

Respondent Leon Karosen is an officer of the Youthcraft Manufacturing Company, Inc., and of the Coronet Manufacturing Company, Inc. Respondent Leon Karosen formulates, directs and controls the acts, practices and policies of the Youthcraft Manufacturing Company, Inc., and the Coronet Manufacturing Company, Inc., including those hereinafter set forth.

Respondents are manufacturers, wholesalers, and retailers of wool products, fur products and textile fiber products with their office and principal place of business located at 414 West 8th Street, Kansas City, Missouri.

PAR. 2. Subsequent to the effective date of the Fur Products Labeling Act on August 9, 1952, respondents Youthcraft Manufacturing Company, Inc., and Leon Karosen 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.

Subsequent to the effective date of the Fur Products Labeling Act on August 9, 1952, respondents Coronet Manufacturing Company, Inc., and Leon Karosen have been and are now engaged in the manufacturing for introduction into commerce, fur products, and have manufactured for sale fur products which have been made in whole or in part of furs which have been shipped and received in commerce as the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act.

PAR. 3. Certain of said fur products were misbranded in that they were falsely and deceptively labeled to show that fur contained therein was natural, when, in fact, such fur was pointed, bleached, dyed, tip-dyed, or otherwise artificially colored, in violation of Section 4(1) of the Fur Products Labeling Act.

PAR. 4. Certain of said fur products were misbranded in that they were falsely and deceptively labeled to show conflicting information, in violation of Section 4(1) of the Fur Products Labeling Act.

PAR. 5. Certain of said fur products were misbranded in that

they were not labeled as required under the provisions of Section 4(2) of the Fur Products Labeling Act and in the manner and form prescribed by the Rules and Regulations promulgated thereunder.

Among such misbranded fur products, but not limited thereto, were fur products without labels, and fur products with labels which failed to disclose that the fur contained in the fur products was bleached, dyed or otherwise artificially colored, when such was the fact.

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

(a) The term "natural" was not used on labels 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.

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

PAR. 7. 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. 8. 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) 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.

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

PAR. 9. Certain of said fur products were falsely and deceptively advertised in violation of the Fur Products Labeling Act in that said advertisements intended to aid, promote and assist, directly or indirectly, in the sale and advertising of such fur prod-

ucts 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 catalogs distributed by the respondents.

Among such false and deceptive advertisements, but not limited thereto, were advertisements which failed:

1. To show that the fur contained in the fur product was bleached, dyed, or otherwise artificially colored, when such was the fact.

2. To show the country of origin of imported furs contained in fur products.

PAR. 10. By means of the aforesaid advertisements and others of similar import and meaning not specifically referred to herein, respondents falsely and deceptively advertised fur products in that certain of said advertisements contained the name or names of the animal or animals other than those contained in the fur product, in violation of Section 5(a) (5) of the Fur Products Labeling Act.

PAR. 11. By means of the aforesaid advertisements and others of similar import and meaning not specifically referred to herein, respondents falsely and deceptively advertised fur products in violation of the Fur Products Labeling Act in that the said fur products were not advertised in accordance with the Rules and Regulations promulgated thereunder inasmuch as the term "natural" was not used to describe fur products which were not pointed, bleached, dyed, tip-dyed or otherwise artificially colored, in violation of Rule 19(g) of the said Rules and Regulations.

PAR. 12. Respondents furnished false guaranties under Section 10(b) of the Fur Products Labeling Act with respect to certain of their said fur products by falsely representing in writing that respondents had a continuing guaranty on file with the Federal Trade Commission when respondents in furnishing such guaranties had reason to believe that the fur products so falsely guaranteed would be introduced, sold, transported, and distributed in commerce, in violation of Rule 48(c) of said Rules and Regulations under the Fur Products Labeling Act and Section 10(b) of said Act.

PAR. 13. The aforesaid acts and practices of respondents, as herein alleged, are in violation of the Fur Products Labeling Act and Rules and Regulations promulgated thereunder and constitute unfair and deceptive acts and practices and unfair methods

of competition in commerce under the Federal Trade Commission Act.

PAR. 14. Subsequent to the effective date of the Wool Products Labeling Act of 1939, respondents Youthcraft Manufacturing Company, Inc., and Leon Karosen have introduced into commerce, sold, transported, distributed, delivered for shipment, shipped and offered for sale in commerce wool products as "commerce" and "wool product" are defined in the Wool Products Labeling Act of 1939.

Subsequent to the effective date of the Wool Products Labeling Act of 1939, respondents Coronet Manufacturing Company, Inc., and Leon Karosen have manufactured for introduction into commerce, wool products as "commerce" and "wool product" are defined in the Wool Products Labeling Act of 1939.

PAR. 15. Certain of said wool products were misbranded by the 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 labeled or tagged with respect to the character and amount of the constituent fibers contained therein.

Among such misbranded wool products, but not limited thereto, were wool products labeled or tagged by respondents as "100% Wool" wherein, in truth and in fact, said products contained less than the represented quantity of wool.

PAR. 16. Certain of said wool products were 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 wool products with labels on or affixed thereto which failed to disclose the percentage of the total fiber weight of the wool products, exclusive of ornamentation not exceeding 5 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 5 per centum or more; and (3) the aggregate of all other fibers.

PAR. 17. Certain of said wool products were misbranded in violation of the Wool Products Labeling Act of 1939 and that they were not labeled in accordance with the Rules and Regulations promulgated thereunder in the following respects:

1. Fibers present in the amount of less than five per centum

were not designated by the term "other fibers," in violation of Rule 3(b) of said Rules and Regulations.

2. The generic names of the fibers in the wool products were not set forth on labels, in violation of Rule 8 of said Rules and Regulations.

3. Samples, swatches or specimens of wool products subject to the Act used to promote or effect sales of such products were not labeled to show the information required under the said Act and Regulations, in violation of Rule 22 of said Rules and Regulations.

PAR. 18. 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.

PAR. 19. Subsequent to the effective date of the Textile Fiber Products Identification Act of March 3, 1960, respondents Youthcraft Manufacturing Company, Inc., and Leon Karosen have been and are now engaged in the introduction, delivery for introduction, sale, advertising, and offering for sale, in commerce, and in the transportation or causing to be transported in commerce, and in the importation into the United States, of textile fiber products; and have sold, offered for sale, advertised, delivered, transported and caused to be transported textile fiber products, which have been advertised or offered for sale in commerce; and have sold, offered for sale, advertised, delivered, transported, and caused to be transported after shipment in commerce, textile fiber products, either in their original state or contained in other textile fiber products; as the terms "commerce" and "textile fiber product" are defined in the Textile Fiber Products Identification Act.

Subsequent to the effective date of the Textile Fiber Products Identification Act of March 3, 1960, respondents Coronet Manufacturing Company, Inc., and Leon Karosen have been and are now engaged in manufacture for introduction in commerce, textile fiber products, as the terms "commerce" and "textile fiber product" are defined in the Textile Fiber Products Identification Act.

PAR. 20. Certain of said textile fiber products were misbranded by respondents in that they were not stamped, tagged, labeled, or

otherwise identified as required under the provisions of Section 4(b) of the Textile Fiber Products Identification Act, and in the manner and form as prescribed by the Rules and Regulations promulgated under said Act.

Among such misbranded textile fiber products, but not limited thereto, were textile fiber products which were not labeled to show in words and figures plainly legible the true generic name of the fibers present.

PAR. 21. Respondents furnished false guaranties that certain of their textile fiber products were not misbranded and falsely invoiced, in violation of Section 10(b) of the Textile Fiber Products Identification Act.

PAR. 22. Certain of said textile fiber products were misbranded by the respondents in violation of the Textile Fiber Products Identification Act in that they were not labeled in accordance with the Rules and Regulations promulgated thereunder in that samples, swatches or specimens of textile fiber products used to promote or effect sales of textile fiber products were not labeled to show the information required under the said Act and Regulations, in violation of Rule 21 of said Rules and Regulations.

PAR. 23. The acts and practices of the respondents as set forth above were, and are, in violation of the Textile Fiber Products Identification Act, 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 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, the Fur Products Labeling Act, the Wool Products Labeling Act of 1939 and the Textile Fiber Products Identification 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

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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. Respondents Youthcraft Manufacturing Company, Inc., and Coronet Manufacturing Company, Inc., are corporations organized, existing and doing business under and by virtue of the laws of the State of Delaware with their office and principal place of business located at 414 West 8th Street, Kansas City, Missouri.

Respondent Leon Karosen is an officer of said corporations and his address is the same as that of said corporations.

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 Youthcraft Manufacturing Company, Inc., a corporation, and its officers, and Coronet Manufacturing Company, Inc., a corporation, and its officers, and Leon Karosen, individually and as an officer of said corporations, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction or manufacture for introduction into commerce, or the sale, advertising or offering for sale in commerce, or the transportation or distribution in commerce, of any fur product; or in connection with the manufacture for sale, sale, advertising, offering for sale, transportation or distribution, of any fur product which is made in whole or in part of fur which has been shipped and received in commerce, as the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act, do forthwith cease and desist from:

A. Misbranding fur products by:

1. Representing directly or by implication on labels that the fur contained in any fur product is natural when the fur contained therein is pointed, bleached, dyed, tip-dyed, or otherwise artificially colored.
2. Setting forth conflicting information on labels.
3. Failing to affix labels to fur products showing in words and in figures plainly legible all the information

required to be disclosed by each of the subsections of Section 4(2) of the Fur Products Labeling Act.

4. Failing to set forth the term "natural" as part of the information required to be disclosed on labels under the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder to describe fur products which are not pointed, bleached, dyed, tip-dyed, or otherwise artificially colored.

5. Failing to set forth on labels the item number or mark assigned to a fur product.

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 by each of the subsections of Section 5(b) (1) of the Fur Products Labeling Act.

2. 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.

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

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 any fur product and which:

1. Fails to set forth in words and figures plainly legible all the information required to be disclosed by each of the subsections of Section 5(a) of the Fur Products Labeling Act.

2. Sets forth the name or names of any animal or animals other than the name of the animal producing the furs contained in the fur product as specified in the Fur Products Name Guide and as prescribed by the Rules and Regulations.

3. Fails to set forth the term "natural" as part of the information required to be disclosed in advertisements under the Fur Products Labeling Act and the Rules and

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

It is further ordered, That respondents Youthcraft Manufacturing Company, Inc., a corporation, and its officers, and Coronet Manufacturing Company, Inc., a corporation, and its officers, and Leon Karosen, individually and as an officer of said corporations, and respondents' representatives, agents and employees, directly or through any corporate or other device, do forthwith cease and desist from furnishing a false guaranty that any fur product is not misbranded, falsely invoiced or falsely advertised when the respondents have reason to believe that such fur product may be introduced, sold, transported or distributed in commerce.

It is further ordered, That respondents Youthcraft Manufacturing Company, Inc., a corporation, and its officers, and Coronet Manufacturing Company, Inc., a corporation, and its officers, and Leon Karosen, individually and as an officer of said corporations, 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, delivery for shipment or shipment in commerce, of any wool product, as "commerce" and "wool product" are defined in the Wool Products Labeling Act of 1939, do forthwith cease and desist from:

Misbranding wool products by:

1. Falsely and deceptively stamping, tagging, labeling or otherwise identifying such product 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. Failing to affix labels to samples, swatches and specimens of wool products used to promote or effect sales of such wool products showing in words and figures plainly legible all the information required to be disclosed by Section 4(a) (2) of the Wool Products Labeling Act of 1939.

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4. Failing to set forth the term "other fibers" to designate fibers present in the amount of less than 5 per centum.

5. Failing to set forth the common generic name of fibers in the required information on labels, tags, or other means of identification attached to wool products.

It is further ordered, That respondents Youthcraft Manufacturing Company, Inc., a corporation, and its officers, and Coronet Manufacturing Company, Inc., a corporation, and its officers, and Leon Karosen, individually and as an officer of said corporations, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction, delivery for introduction, manufacture for introduction, sale, advertising, or offering for sale, in commerce, or the transportation or causing to be transported, in commerce, or the importation into the United States of any textile fiber product; or in connection with the sale, or offering for sale, advertising, delivery, transportation or causing to be transported, of any textile fiber product which has been advertised or offered for sale in commerce; or in connection with the sale, offering for sale, advertising, delivery, transportation or causing to be transported, after shipment in commerce, of any textile fiber product, whether in its original state or contained in other textile fiber products as the terms "commerce" and "textile fiber product" are defined in the Textile Fiber Products Identification Act, do forthwith cease and desist from:

A. Misbranding textile fiber products by:

1. Failing to affix labels to such textile fiber products showing in a clear, legible and conspicuous manner each element of information required to be disclosed by Section 4(b) of the Textile Fiber Products Identification Act.

2. Failing to affix labels to samples, swatches and specimens of textile fiber products, showing in a clear, legible and conspicuous manner each element of information required to be disclosed by Section 4(b) of the Textile Fiber Products Identification Act.

It is further ordered, That respondents Youthcraft Manufacturing Company, Inc., a corporation, and its officers, and Coronet Manufacturing Company, Inc., a corporation, and its officers, and Leon Karosen, individually and as an officer of said corporations,

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and respondents' representatives, agents and employees, directly or through any corporate or other device, do forthwith cease and desist from furnishing a false guaranty that any textile fiber product is not misbranded or falsely invoiced.

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.
