

IN THE MATTER OF

HARGO WOOLEN MILLS, INC., ET AL.

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

Docket 8665. Complaint, Aug. 13, 1965—Decision, Sept. 23, 1966

Consent order requiring four affiliated New Hampshire and Vermont fabric manufacturers to cease violating the Wool Products Labeling Act by deceptively labeling and falsely invoicing their products.

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 Hargo Woolen Mills, Inc., a

corporation, Wallisford Mills, Inc., a corporation, and Wallisford Mills of Vermont, Inc., a corporation, and Benjamin H. Erskine and Walter T. Ransburg, individually and as officers of said corporations; and Peterborough Mills, Inc., a corporation, and Charles J. McGowan, individually and as an officer of said corporation (all said corporations and said individuals 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, 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 Hargo Woolen Mills, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at Keene, New Hampshire.

Respondent Wallisford Mills, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New Hampshire, with its principal office and place of business located at Keene, New Hampshire.

Respondent Wallisford Mills of Vermont, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Vermont, with its principal office and place of business located at North Montpelier, Vermont.

Individual respondent Benjamin H. Erskine, and individual respondent Walter T. Ransburg are officers of each of the foregoing corporate respondents. Said individual respondents cooperate in the formulation, direction and control of the acts, practices and policies of the corporate respondents. The office and principal place of business of these individual respondents is the same as that of corporate respondent Hargo Woolen Mills, Inc.

Respondent Peterborough Mills, is a corporation organized, existing and doing business under and by virtue of the laws of the State of New Hampshire, with its principal office and place of business located at Peterborough, New Hampshire. This corporation is owned by the principals of Hargo Woolen Mills, Inc.

Individual respondent Charles J. McGowan is president-treasurer of corporate respondent Peterborough Mills, Inc., and together with the aforesaid individual respondents, formulates, directs and controls its acts, practices and policies. The office and principal place of business of this individual respondent is the same as that of corporate respondent Peterborough Mills, Inc.

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PAR. 2. Subsequent to the effective date of the Wool Products Labeling Act of 1939, and more especially since January 1, 1962, respondents have manufactured for introduction into commerce, offered for sale in commerce, sold, transported, distributed, delivered for shipment, and introduced into commerce, as "commerce" is defined in said Act, wool products, as "wool products" are defined therein.

PAR. 3. 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 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, namely, woolen fabrics, which contained substantially different amounts and types of fibers than were set forth on the labels thereto affixed.

PAR. 4. Certain of said wool products were further misbranded by respondents in that they were not stamped, tagged or labeled as required under the provisions of Section 4(a)(2) of the Wool Products Labeling Act 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 wool products with labels on or affixed thereto which failed to disclose the percentage of the total fiber weight of the wool product, exclusive of ornamentation not exceeding 5 per centum of the total fiber weight of (1) woolen fibers; (2) each fiber other than the woolen fibers if said percentage by weight of such fiber is 5 per centum or more; and (3) the aggregate of all other fibers.

PAR. 5. The aforesaid acts and practices of respondents, were, and are, in violation of the Wool Products Labeling 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, within the intent and meaning of the Federal Trade Commission Act.

PAR. 6. Respondents are now, and for some time last past, have been engaged in the offering for sale, sale and distribution of certain products, namely, woolen fabrics, to manufacturers and jobbers. 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 New Hampshire and Vermont to purchasers 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 said products, in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 7. Respondents in the course and conduct of their business as aforesaid, have made statements on invoices and shipping memoranda to their customers misrepresenting the fiber content of certain of their said products.

Among such misrepresentations, but not limited thereto, were statements representing certain fabrics to be "90% Reprocessed Wool, 10% Nylon," "60% Reprocessed Wool, 25% Manmade Fibers," "40% Wool, 40% Reprocessed Wool, 10% Acrylic, 10% Other Fibers," and "50% Wool, 50% Rayon" whereas, in truth and in fact, the said fabrics contained substantially different amounts of woolen and other fibers than the amounts represented.

PAR. 8. The acts and practices set out in Paragraphs Six and Seven have had, and now have, the tendency and capacity to mislead and deceive purchasers of said fabrics as to the true content thereof, and 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, in commerce, within the intent and meaning of the Federal Trade Commission act.

DECISION AND ORDER

The Commission having issued its complaint on August 13, 1965, charging the respondents named in the caption hereof with violation of the Wool Products Labeling Act of 1939 and the Federal Trade Commission Act, and the respondents having been served with a copy of that complaint; and

The Commission having duly determined that in the circumstances the public interest would be served by waiver here of the provision of Section 2.4(d) of its rule that the consent order procedure shall not be available after issuance of the complaint; and

The respondents, except Charles J. McGowan, having executed an agreement containing a consent order, an admission of all the jurisdictional facts set forth in the complaint, 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 substantially as required by the Commission's rules; and

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The Commission having considered said agreement and the affidavit attached thereto which affidavit states, among other things, that respondent Charles J. McGowan terminated his employment with respondent Peterborough Mills, Inc., in 1962 and had no part during his employment in formulating, directing or controlling the acts, practices or policies of such corporate respondent; and

The Commission having determined that the aforesaid agreement provides an adequate basis for appropriate disposition of this proceeding, the agreement is hereby accepted, the following jurisdictional findings are made, and the following order is entered:

1. Respondent Hargo Woolen Mills, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at Keene, New Hampshire.

Respondent Wallisford Mills of Vermont, Inc., is a corporation existing and doing business under and by virtue of the laws of the State of New Hampshire, with its principal office and place of business located at Keene, New Hampshire.

Respondent Wallsiford Mills of Vermont, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Vermont with its principal office and place of business located at North Montpelier, Vermont.

Respondents Benjamin H. Erskine and Walter T. Ransburg are officers of each of the foregoing corporate respondents and their address is the same as that of said corporate respondent Hargo Woolen Mills, Inc.

Respondent Peterborough Mills, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New Hampshire, with its principal office and place of business located at Peterborough, New Hampshire. This corporation is owned by the principals of Hargo Woolen Mills, Inc.

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 Hargo Woolen Mills, Inc., a corporation, and its officers, Wallisford Mills, Inc., a corporation, and its officers, and Wallisford Mills of Vermont, Inc., a corporation, and its officers, and Benjamin H. Erskine and Walter T.

Ransburg, individually and as officers of said corporations; and respondent Peterborough Mills, Inc., a corporation, and its officers; 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 or distribution in commerce of fabrics 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 or deceptively tagging, labeling or otherwise identifying such products as to the character or amount of the constituent fibers contained therein.
2. Failing to securely affix to, or place on, each such product a stamp, tag or 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.

It is further ordered, That respondents Hargo Woolen Mills, Inc., a corporation, and its officers, Wallisford Mills, Inc., a corporation, and its officers, and Wallisford Mills of Vermont, Inc., a corporation, and its officers, and Benjamin H. Erskine and Walter T. Ransburg, individually and as officers of said corporations; and respondent Peterborough Mills, Inc., a corporation, and its officers; and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the offering for sale, sale, or distribution of woolen fabrics or other products in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from misrepresenting the character and amount of constituent fibers contained in such products on invoices or shipping memoranda applicable thereto, or in any other manner.

It is further ordered, That the complaint insofar as it relates to respondent Charles J. McGowan be, and the same hereby is, dismissed.

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

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IN THE MATTER OF

PAGEANT PRESS, INC., ET AL.

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

Docket C-1115. Complaint, Sept. 23, 1966—Decision, Sept. 23, 1966

Consent order requiring a New York City subsidy publisher to cease misrepresenting in its advertising the profits which authors may make, the sales promotion it gives its books, and making other false claims.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Pageant Press, Inc., a corporation, and Simon A. Halpern, individually and as 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 Pageant Press, Inc., is a corporation, organized, existing and doing business under and by virtue of the laws of the State of New York.

Respondent Simon A. Halpern is an individual and an officer of the said corporate respondent. He formulates, directs and controls the acts, practices and policies of the said corporate respondent including the acts and practices hereinafter set forth.

Said respondents have their offices and principal place of business at 101 Fifth Avenue, in the city of New York, State of New York.

PAR. 2. Respondents are now, and for more than four years last past have been, engaged in the advertising and soliciting of contracts for the publication of books for authors and prospective authors, and in the printing, promotion, sale and distribution of the contracting authors' books.

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 contracting authors and purchasers thereof located in various other States of the United States and in