

Complaint

70 F.T.C.

IN THE MATTER OF

STAR OF SIAM ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT*Docket C-1186. Complaint, Nov. 8, 1966—Decision, Nov. 8, 1966*

Consent order requiring a Lakewood, Calif., corporation to cease misrepresenting the nature and composition of its imitation pearls.

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 Star of Siam, a corporation, and Ben A. McOsker and A. C. Novick, individually and as officers 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 Star of Siam is a corporation organized, existing and doing business under and by virtue of the laws of the State of California, with its principal office and place of business located at 3625 Industry Avenue in the city of Lakewood, State of California.

Respondents Ben A. McOsker and A. C. Novick are officers of the corporate respondent. They formulate, direct and control the acts and practices of the corporate respondent, including the acts and practices hereinafter set forth. Their address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale, sale and distribution of jewelry to retailers for resale to the public.

PAR. 3. In the course and conduct of their business, respondents now cause, and for some time last past have caused, their said merchandise, when sold, to be shipped from their place of business in the State of California to purchasers thereof 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 merchandise in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 4. In the course and conduct of their aforesaid business, and for the purpose of inducing the purchase of their imitation pearls, the respondents have made numerous statements and representations in advertisements appearing in newspapers and magazines of general circulation, and in pamphlets and other literature disseminated to retailers and others, respecting the nature and composition of their imitation pearls.

Typical and illustrative of the aforesaid statements and representations, but not all inclusive thereof, are the following:

They are NACREATED . . . owing primary obligation to the oyster for repeated coatings of its own substance around a mother-of-pearl core.
The glow from within, thus produced, can be approached by no other imitation.
Nature has served . . . man has improved . . . and every woman has benefited.
The price is unbelievably low.

* * * * *

THE NEW POLISH OF PEARLS BY STAR OF SIAM

Hand crafted the Rolls-Royce way—beautifully . . . pure mother-of-pearl dipped nineteen times in lustre mined from oysters. These are “nacreated” pearls by Star of Siam . . . glowing product of man’s infinite artistic skill . . .

* * * * *

Pearls lighting the scene—new “nacreations” by Star of Siam.

* * * * *

. . . a scoop neckline with the allure of Star of Siam “nacreated” pearls. About \$50.

* * * * *

ONE TOUCH OF NACRE makes all women kin. The satiny feel of pearls, their deep and subtle glow, do wondrous things to the female psyche. Could the oyster have sensed this potent spell when first it lavished beauty on a grain of sand? Certainly the people at Star of Siam knew it when they found a way to duplicate the oyster’s secret, when they hand coated pure mother-of-pearl beads with magic Nacre to create a new treasure.

* * * * *

Is there a Raffles about? Tempt him with Star of Siam’s lovely, deep glow. Clever as he is, he’ll never know they’re NACREATED . . . that some crafty hand fashioned them—coating upon coating—from materials gifted by the sea.

* * * * *

A LOVELY NEW BREED OF PEARLS

The story of these ravishing new pearls starts in the U.S. with the Mississippi River's very best mollusk shells which are gathered up and flown to Japan. There, they are ground into little beads, each to become the heart of a beautiful new kind of pearl. Instead of being inserted in an oyster to get its coating of nacre (the cultured pearl way), the bead is dipped in a nacre liquid made by man from scrapings off the shimmering insides of oyster shells; it's dipped nineteen times till the pearl reaches a perfect glow. The most successful oyster would take three years to do this—a much more expensive proposition; and that's why these new pearls cost substantially less than cultured ones. By Star of Siam. 30" single strand of 10 mm pearls, \$103.50; . . .

* * * * *

Nature, Nacre and Pig—Toes

Star of Siam "Nacreations" result from a union of effort by nature and man. They are jewels, as surely as any other which nature has created in the rough and man has improved upon. The first steps in their creation are exactly the same as those for the creation of cultured pearls. Only in the final stages does man take over, and the product he prepares for the market is chemically virtually identical with cultured pearls.

* * * * *

Pearl Seeds

In quiet, serene workshops a painstaking process begins; a process identical in the production of nacreated and cultured pearls. . . .

Nacre is Mother-of-Pearl

In "Nacreation," the nacre found on the interior of oyster shells is scraped off, finely powdered, and suspended in an inert liquid binding agent. This viscous, pastelike liquid is then, in effect, essence of pearl. It is chemically virtually identical to perfect natural or cultured pearls.

The beads are dipped, slowly and carefully, into this shimmering essence, then dried. Nineteen times the dipping and drying process is repeated, depositing nineteen nacreous coats of translucence upon the pearl beads.

* * * * *

Characteristically, man has found a better, shorter, less expensive way to achieve the highly similar result. "Nacreation" is not really much different from the work of the oyster. It is almost identical and just as painstaking, but far less time-consuming. It is also subject to perfect quality control.

... "Nacreation" should be considered a fourth category. It is man-made, therefore is neither a "natural pearl" nor a "cultured pearl." Since, however, it uses the same organic materials the oyster itself uses, it does not resemble "simulated" pearls and is superior in appearance to "cultured" pearls.

PAR. 5. By and through the use of the word "Nacreated," and by and through the use of the above-quoted statements and representations, and others of similar import and meaning but not specifically set out herein, the respondents represent and have represented, and place and have placed in the hands of others the

means and instrumentalities of representing, directly or by implication, that their "Nacreated" pearls:

1. Are man-made pearls, or are created pearls, or are synthetic pearls, or are a new kind of pearl;
2. Are coated with or are dipped in the oyster's own substance, lustre mined from oysters, essence of pearl, nacre or mother-of-pearl;
3. Are different in composition from and are superior to all other imitation pearls;
4. Are a duplication of the oyster's secret; or that their process duplicates the oyster's function in producing cultured or natural pearls;
5. Are chemically virtually identical to natural or cultured pearls, and are created by a process which is identical with that of cultured pearls;
6. Are superior in appearance to cultured pearls.

PAR. 6. In truth and in fact respondents' "Nacreated" pearls:

1. Are not man-made, created or synthetic pearls, and they are not a new kind of pearl; they are imitation pearls;
2. Are not coated with or dipped in the oyster's own substance, lustre mined from oysters, essence of pearl, nacre or mother-of-pearl;
3. Are not different in composition from and are not superior to all other imitation pearls;
4. Are not a duplication of the oyster's secret; nor does their process duplicate the oyster's function in producing cultured or natural pearls;
5. Are not chemically virtually identical to natural or cultured pearls, and they are not created by a process which is identical with that of cultured pearls;
6. Are not superior in appearance to cultured pearls.

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

PAR. 7. By and through the use of the aforesaid practices respondents have placed and now place in the hands of others the means and instrumentalities whereby they may mislead and deceive the purchasing public as to the nature and composition of their imitation pearls.

PAR. 8. In the conduct of their business, at all times mentioned herein, respondents have been in substantial competition, in commerce, with corporations, firms and individuals in the sale of imi-

tation pearls of the same general kind and nature as those sold by respondents.

PAR. 9. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has, the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said statements and representations were and are true and into the purchase of substantial quantities of respondents' merchandise by reason of said erroneous and mistaken belief.

PAR. 10. The aforesaid acts and practices of respondents, as herein alleged, were and are all to the prejudice and injury of the public and of respondents' 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 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 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 respondent 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 agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent Star of Siam is a corporation organized, existing and doing business under and by virtue of the laws of the State of California, with its office and principal place of business located at 3625 Industry Avenue, in the city of Lakewood, State of California.

Respondents Ben A. McOsker and A. C. Novick are officers

of said corporation and their address is the same as that of said corporation.

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 Star of Siam, a corporation, and its officers, and Ben A. McOsker and A. C. Novick, individually and as officers of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of imitation pearls, or any other merchandise, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using the words "Nacreated," "Nacreations," or any other words or terms of similar import or meaning, as a name for or to describe or refer to imitation pearls.

2. Using the word "Pearls," or any other word or term of similar import or meaning, as a name for or to describe or refer to imitation pearls, unless such word is immediately preceded with equal conspicuousness by the word "Imitation" or "Simulated."

3. Representing, directly or by implication, that their imitation pearls:

- (a) Are man-made pearls, are created pearls, or are synthetic pearls, or are a new kind of pearl;

- (b) Are coated or are covered with or are dipped in the oyster's own substance, lustre mined from oysters, essence of pearl, nacre or mother-of-pearl; or using any other word or term of the same import or meaning as descriptive of or with reference to imitation pearls;

- (c) Are different in composition from or are superior to all other imitation pearls;

- (d) Are a duplication of the oyster's secret; or that their process duplicates the oyster's function in producing cultured or natural pearls;

- (e) Are chemically virtually identical to cultured or natural pearls, or are created by a process which is identical with that of cultured pearls; or

- (f) Are superior in appearance to cultured pearls or to natural pearls.

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4. Misrepresenting, in any manner, or placing in the hands of others the means or instrumentalities of misrepresenting, the composition, nature or identity of coating, covering, ingredients or elements, method of manufacture, creation or production, or the characteristics or qualities of imitation pearls or any other imitation or synthetic product or of any precious or semi-precious stone.

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.
