

IN THE MATTER OF

JESSE S. HALPERIN, ET AL.

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

Docket C-1483. Complaint, Jan. 27, 1969—Decision, Jan. 27, 1969

Consent order requiring three former officials of a Gastonia, N.C., sweater manufacturing mill to cease misbranding the fiber content of goods and furnishing false guaranties.

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 Jesse S. Halperin, Jack Altman and Felix Gabel, individually and as former officers

of Reliable Mills, Inc., 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. Respondents Jesse S. Halperin, Jack Altman and Felix Gabel, are former officers of Reliable Mills, Inc., a corporation. They formulated, directed and controlled the acts, practices and policies of said corporation which was and is engaged in business in Gastonia, North Carolina. The address of Jesse S. Halperin is 801 Imperial Drive, Gastonia, North Carolina. The address of Jack Altman is 309 Belle-Meade Boulevard, Nashville, Tennessee. The address of Felix Gabel is 3712 Benham Avenue, Nashville, Tennessee.

Respondents were and are engaged in the manufacturing of wool products.

PAR. 2. Respondents, now and for some time last past, have manufactured for introduction into commerce, introduced into commerce, sold, transported, distributed, delivered for shipment, shipped and offered for sale, in commerce, as "commerce" is defined in said Act, wool products as "wool product" is defined therein.

PAR. 3. Certain of said wool products were misbranded by 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 stamped, tagged, labeled, or otherwise identified with respect to the character and amount of the constituent fibers contained therein.

Among such misbranded wool products, but not limited thereto, were certain wool products, namely sweaters, stamped, tagged, labeled, or otherwise identified as containing "100% alpaca," whereas in truth and in fact, said wool products contained substantially different amounts of woollen fibers than represented and also contained other fibers than represented.

PAR. 4. Certain of said wool products were further 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.

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Among such misbranded wool products, but not limited thereto, were certain wool products, namely sweaters, 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) wool; (2) reprocessed wool; (3) reused wool; (4) each fiber other than wool, when said percentage by weight of such fiber was 5 per centum or more; and (5) the aggregate of all other fibers.

PAR. 5. Respondents furnished false guaranties under Section 9(b) of the Wool Products Labeling Act of 1939 with respect to certain of their wool products by falsely representing in writing on invoices that the products covered by said invoices were labeled in accordance with the requirements of said Act, when respondents had reason to believe that the wool products so falsely guaranteed would be introduced, sold, transported, or distributed in commerce, in violation of Section 9(b) of said Act.

PAR. 6. Certain of said wool products were further misbranded by respondents in violation of the Wool Products Labeling Act of 1939, in that they were not labeled in accordance with the Rules and Regulations promulgated thereunder, in that the term "alpaca" was used in lieu of the word "wool" in setting forth the required fiber content information on labels affixed to wool products when certain of the fibers so described were not entitled to such designation, in violation of Rule 18 of the Rules and Regulations under the Wool Products Labeling Act of 1939.

PAR. 7. 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. 8. In the course and conduct of their business, respondents have caused their said products, when sold, to be shipped from their former place of business in the State of North Carolina to purchasers located in various other States of the United States and maintained a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 9. 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 their said products.

Among such misrepresentations, but not limited thereto, were statements representing the fiber content thereof as "100% alpaca" whereas, in truth and in fact, the products contained substantially different fibers and amounts of fibers than represented.

PAR. 10. The acts and practices set out in Paragraph Nine have had and now have the tendency and capacity to mislead and deceive the purchasers of said products as to the true content thereof and were and are all to the prejudice and injury of the public 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 Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Textiles and Furs proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act and the Wool Products Labeling Act of 1939; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents 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 respondents that the law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Acts, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in § 2.34(b) of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondents Jesse S. Halperin, Jack Altman and Felix Gabel are former officers of Reliable Mills, Inc., a corporation engaged in business in Gastonia, North Carolina. The address of Jesse S. Halperin is 801 Imperial Drive, Gastonia, North Carolina. The address of Jack Altman is 309 Belle-Meade Boulevard, Nashville, Tennessee. The address of Felix Gabel is 3712 Benham Avenue, Nashville, Tennessee.

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 Jesse S. Halperin, Jack Altman and Felix Gabel, individually and as former officers of Reliable Mills, Inc., a corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction, or the manufacture for introduction, into commerce, or the offering for sale, sale, transportation, distribution, delivery for shipment or shipment, in commerce, of 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 stamping, 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, label, or other means of identification correctly 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. Using the term "alpaca" in lieu of the word "wool" in setting forth the required information on labels affixed to wool products unless the fibers described as "alpaca" are entitled to such designation and are present in the said wool product in at least the amount stated.

It is further ordered, That respondents Jesse S. Halperin, Jack Altman and Felix Gabel, individually and as former officers of Reliable Mills, Inc., a corporation, 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 wool product is not misbranded, when the respondents have reason to believe that such

wool product may be introduced, sold, transported or distributed in commerce.

It is further ordered, That respondents Jesse S. Halperin, Jack Altman and Felix Gabel, individually and as former officers of Reliable Mills, Inc., a corporation, 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 sweaters or any other textile products in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from misrepresenting the character or amount of constituent fibers contained in sweaters or any other textile products on invoices or shipping memoranda applicable thereto or in any other manner.

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.
