

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

SANITARY CARPET AND RUG CLEANING COMPANY,
INC., TRADING AS CARPETLAND, ET AL.

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

Docket C-1490. Complaint, Feb. 3, 1969—Decision, Feb. 3, 1969

Consent order requiring a Rockville, Md., seller of rugs and carpets to cease misbranding, falsely advertising, and deceptively pricing its textile fiber products.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission 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 Sanitary Carpet and Rug Cleaning Company, Inc., a corporation, trading and doing business as Carpetland, and Aram Sakayan and Edward Turmanian, individually and as officers of said corporation, and George Sakayan, individually and as General Manager of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and the Rules and Regulations promulgated under 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 it charges in that respect as follows:

PARAGRAPH 1. Respondent Sanitary Carpet and Rug Cleaning Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the District of Columbia, with its principal office and place of business located at 5414 Randolph Road, Rockville, Maryland.

Respondents Aram Sakayan and Edward Turmanian are

individuals and are officers of the corporate respondent. Respondent George Sakayan is an individual and is the General Manager of the corporate respondent. Said individuals formulate, direct and control the policies, acts and practices of said 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 introduction, delivery of 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.

PAR. 3. Certain of said textile fiber products were misbranded by respondents within the intent and meaning of Section 4(a) of the Textile Fiber Products Identification Act and the Rules and Regulations promulgated thereunder, in that they were falsely and deceptively stamped, tagged, labeled, invoiced, advertised, or otherwise identified as to the name or amount of constituent fibers contained therein.

Among such misbranded textile fiber products, but not limited thereto, were floor coverings which were falsely and deceptively advertised in The Washington Post and The Evening Star, newspapers published in the city of Washington, District of Columbia, and having a wide circulation in said District of Columbia and various States of the United States, in that the respondents in disclosing the fiber content information as to floor coverings containing exempted backings, fillings, or paddings, failed to set forth such fiber content information in such a manner as to indicate that it applied only to the face, pile, or outer surface of the floor coverings and not to the exempted backings, fillings, or paddings.

PAR. 4. Certain of said textile fiber products were falsely and deceptively advertised in that respondents in making disclosure or implications as to the fiber content of such textile fiber prod-

ucts in written advertisements used to aid, promote and to assist, directly or indirectly, in the sale or offering for sale of said products, failed to set forth the required information as to fiber content as specified by Section 4(c) of the Textile Fiber Products Identification Act and in the manner and form prescribed by the Rules and Regulations promulgated under said Act.

Among such textile fiber products, but not limited thereto, were carpets which were falsely and deceptively advertised by means of printed matter, in newspapers, distributed by the respondents throughout the United States to customers and salesmen. The aforementioned carpets were described by such fiber connoting terms among which, but not limited thereto was "acrilan," and the true generic name of the fiber contained in such products was not set forth.

PAR. 5. By means of the aforesaid advertisements and others of similar import and meaning not specifically referred to herein, respondents have falsely and deceptively advertised textile fiber products in violation of the Textile Fiber Products Identification Act in that said textile fiber products were not advertised in accordance with the Rules and Regulations promulgated thereunder in the following respects:

(a) In disclosing the fiber content information as to floor coverings containing exempted backings, fillings, or paddings, such disclosure was not made in such a manner as to indicate that such fiber content information related only to the face, pile or outer surface of the floor covering and not to the backing, filling or padding, in violation of Rule 11 of the aforesaid Rules and Regulations.

(b) A fiber trademark was used in advertising textile fiber products, without a full disclosure of the fiber content information required by said Act, and the Regulations thereunder in at least one instance in said advertisement, in violation of Rule 41(a) of the aforesaid Rules and Regulations.

(c) A fiber trademark was used in advertising textile fiber products, containing only one fiber and such fiber trademark did not appear, at least once in the said advertisement, in immediate proximity and conjunction with the generic name of the fiber, in plainly legible and conspicuous type, in violation of Rule 41(c) of the aforesaid Rules and Regulations.

PAR. 6. The acts and practices of respondents as set forth above were, and are, in violation of the Textile Fiber Products Identi-

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fication Act and the Rules and Regulations promulgated thereunder, and constituted, and now constitute unfair methods of competition in commerce and unfair and deceptive acts and practices, in commerce, under the Federal Trade Commission Act.

PAR. 7. Respondents are now, and for some time last past have been, engaged in the advertising, offering for sale, sale, distribution and installation of rugs and carpeting to the public.

PAR. 8. In the course and conduct of their business as aforesaid, respondents now cause, and for some time last past have caused, their said merchandise, when sold, to be shipped from their places of business located in the District of Columbia and in the States of Maryland and Virginia, to purchasers thereof located in various other States of the United States and the District of Columbia, 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. 9. In the course and conduct of their aforesaid business, and for the purpose of inducing the purchase of their rugs and carpeting, respondents have made, and are now making, numerous statements and representations in advertisements inserted in newspapers, respecting the prices of their merchandise and the savings available to purchasers.

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

LEES ACRYLIC
SAVE OVER 1/2 PRICE
Reg. \$8 sq. yd. on sale now \$3.20 sq. yd.

* * * * *

4-HOUR WAREHOUSE SALE
* * * TODAY SAVE 50% TO 75% OFF
PRICES IF SOLD FROM THE ROLL!

* * * * *

SPECIAL PURCHASE SALE

* * * * *

FAMOUS MILL'S VELVET
SMOOTH PLUSH NYLON
* * * completely installed over
sponge rubber padding! * * *
Sale price covers carpet,
padding and installation;
nothing more to pay!

PAR. 10. By and through the use of the above-quoted statements and representations, and other of similar import and meaning not expressly set out herein, respondents, have represented and are now representing, directly or by implication, that:

1. The higher stated price amounts set out in the said advertisements, and others not quoted herein, in connection with the term "Reg.," or other terms of similar import and meaning, were the prices at which the advertised merchandise was sold or offered for sale by respondents in good faith for a reasonably substantial period of time in the recent, regular course of their business, and purchasers thereof save the difference between respondents' advertised selling price and the corresponding higher price.

2. Purchasers of merchandise advertised as "SAVE 50% TO 75%," "SAVE OVER 1/2 PRICE," or other terms of similar import and meaning, would realize a savings of the stated amount from the actual bona fide price at which said merchandise was sold or offered for sale by respondents in good faith for a reasonably substantial period of time in the recent, regular course of their business.

3. By the use of the words "WAREHOUSE SALE," "Sale price," or other words of similar import and meaning, respondents' advertised price constituted a substantial reduction from the price at which such merchandise was sold or offered for sale in good faith for a reasonably substantial period of time by respondents in the recent, regular course of their business.

4. Merchandise advertised as "SPECIAL PURCHASE SALE," or other words of similar import and meaning, has been purchased by respondents at prices substantially below the prices usually and customarily paid by respondents for the same merchandise, and purchasers are thereby afforded bona fide savings from respondents' usual and customary retail price for such merchandise.

5. Carpeting advertised is installed over sponge rubber padding at the price represented.

PAR. 11. In truth and in fact,

1. The higher stated price amounts set out in the said advertisements, and others not quoted herein, in connection with the term "Reg." or other terms of similar import and meaning, were not the prices at which the advertised merchandise was sold or offered for sale by respondents in good faith for a reasonably substantial period of time in the recent, regular course of

their business, and purchasers thereof do not save the difference between respondents' advertised selling price and the corresponding higher price.

2. Purchasers of the merchandise advertised as "SAVE 50% TO 75%," "SAVE OVER 1/2 PRICE," or other terms of similar import and meaning, would not realize a savings of the stated amount from the actual bona fide price at which said merchandise was sold or offered for sale by respondents in good faith for a reasonably substantial period of time in the recent, regular course of their business.

3. The prices set out in said advertising in connection with the words "WAREHOUSE SALE," "Sale price," or other words of similar import and meaning, did not constitute a substantial reduction from the price at which such merchandise was sold or offered for sale in good faith for a reasonably substantial period of time by respondents in the recent, regular course of their business.

4. The merchandise advertised as "SPECIAL PURCHASE SALE" or other words of similar import and meaning, has not been purchased by respondents at prices substantially below the prices usually and customarily paid by respondents for the same merchandise, and purchasers are not thereby afforded bona fide savings from respondents' usual and customary retail price for such merchandise.

5. All of the carpeting advertised is not installed over sponge rubber padding at the price represented. Instead, the padding customarily used for such installation is essentially composed of jute and hair fibers.

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

PAR. 12. In the course and conduct of their aforesaid business, and at all times mentioned herein, respondents have been, and now are, in substantial competition, in commerce, with corporations, firms and individuals in the sale of rugs and carpeting of the same general kind and nature as those sold by respondents.

PAR. 13. 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. 14. 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 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 Deceptive Practices 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 Textile Fiber Products Identification Act; 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. Respondent Sanitary Carpet and Rug Cleaning Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the District of Columbia, with its office and principal place of business located at 5414 Randolph Road, Rockville, Maryland.

Respondents Aram Sakayan and Edward Turmanian are officers of and respondent George Sakayan is the general manager of said corporation. 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 Sanitary Carpet and Rug Cleaning Company, Inc., a corporation, trading and doing business as Carpetland, or under any other name, and its officers, and Aram Sakayan and Edward Turmanian, individually and as officers of said corporation, and George Sakayan, individually and as general manager of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the 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, 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. Falsely or deceptively stamping, tagging, labeling, invoicing, advertising, or otherwise identifying such products as to the name or amount of constituent fibers contained therein.

2. Failing to set forth that the required disclosure as to the fiber content of floor coverings relates only to the face, pile, or outer surface of such products and not to exempted backing, filling or padding, when such is the case.

B. Falsely and deceptively advertising textile fiber products by:

1. Making any representations by disclosure or by implication, as to fiber content of any textile fiber product in any written advertisement which is used to aid, promote or assist, directly or indirectly, in the sale, or offering for sale of such textile fiber product unless the same information required to be shown on the stamp, tag, label or other means of identification under Sections 4(b)(1) and (2) of the Textile Fiber Products Identification Act is contained in the said advertisement, except that the percentages of the fibers present in the textile fiber product need not be stated.

2. Failing to set forth in disclosing fiber content information as to floor coverings containing exempted backings, fillings or paddings, that such disclosure relates only to the face, pile or outer surface of such textile fiber products and not to the exempted backings, fillings, or paddings.

3. Using a fiber trademark in advertising textile fiber products without a full disclosure of the required fiber content information in at least one instance in said advertisement.

4. Using a fiber trademark in advertising textile fiber products containing only one fiber without such fiber trademark appearing at least once in the advertisement, in immediate proximity and conjunction with the generic name of the fiber, in plainly legible and conspicuous type.

It is further ordered, That respondents Sanitary Carpet and Rug Cleaning Company, Inc., a corporation, trading and doing business as Carpetland, or under any other name, and its officers, and Aram Sakayan and Edward Turmanian, individually and as officers of said corporation, and George Sakayan, individually and as general manager of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale or distribution of carpeting, rugs, or any other articles of merchandise, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using the term "Reg." or any other word or words of similar import or meaning, to refer to any amount which is in excess of the price at which such merchandise has been

sold or offered for sale in good faith by respondents for a reasonably substantial period of time in the recent, regular course of their business, or otherwise misrepresenting the price at which such merchandise has been sold or offered for sale by respondents.

2. Using the word "SAVE," or any other word or words of similar import or meaning, in conjunction with a stated percentage, fraction, dollar or other amount of savings: *Provided, however*, That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that the stated amount of savings actually represents the difference between the offering price and the actual bona fide price at which such merchandise has been sold or offered for sale on a regular basis to the public by respondents for a reasonably substantial period of time in the recent, regular course of their business.

3. Using the words "WAREHOUSE SALE," "Sale price," or any other term or words of similar import or meaning, in conjunction with any stated price or prices: *Provided, however*, That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that their prices for the merchandise so advertised have been substantially reduced below respondents' usual selling prices, or the prices at which such merchandise has been offered for sale in good faith by respondents during the recent, regular course of their business.

4. Using the words "SPECIAL PURCHASE SALE" or any other term or words of similar import or meaning, either alone or in conjunction with an offering price: *Provided, however*, That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that the offering price during said sale is a substantial reduction from the price usually and customarily paid by respondents for the same merchandise, and purchasers are thereby afforded bona fide savings from respondents' usual and customary retail prices for such merchandise.

5. Falsely representing, in any manner, that savings are available to purchasers or prospective purchasers of respondents' merchandise, or misrepresenting in any manner, the amount of savings available to purchasers or prospective purchasers of respondents' merchandise at retail.

6. Representing, through advertisements or in any other

manner, that sponge rubber padding will be installed with respondents' rugs or carpeting unless such padding is, in fact, installed in every instance as represented, or misrepresenting, in any manner the nature or type of padding sold or installed by respondents.

7. Failing to deliver a copy of this order to cease and desist to all present and future salesmen or other persons engaged in the sale of respondents' products or services, and failing to secure from each such salesman or other person a signed statement acknowledging receipt of said order.

It is further ordered, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

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.
