

Decision and Order

76 F.T.C.

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

STANLEY KORSHAK, INC., ET AL.

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

Docket C-1659. Complaint, Dec. 19, 1969—Decision, Dec. 19, 1969

Consent order requiring Chicago, Ill., retailers of ladies' ready-to-wear apparel, to cease misbranding the fiber content of woolsens and textiles, and removing law-required labels.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, the Wool Products Labeling Act of 1939 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 Stanley Korshak, Inc., a corporation, and Korshak Gowns, Inc., a corporation, and Stanley Korshak, 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 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 charges in that respect as follows:

PARAGRAPH 1. Respondent Stanley Korshak, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its executive office and place of business located at 912 North Michigan, Chicago, Illinois.

Respondent Korshak Gowns, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its executive office and place of business located at 1119 Lake, Oak Park, Illinois. Korshak Gowns, Inc., is a wholly owned subsidiary of Stanley Korshak, Inc.

Individual respondent Stanley Korshak is an officer of said corporate respondents. He formulates, directs and controls the acts, practices and policies of said corporations, including the acts and practices hereinafter referred to. The office and principal place of business of said individual respondent is located at 912 North Michigan, Chicago, Illinois.

Respondents are engaged in the retail sales of ladies' ready-to-wear.

PAR. 2. Respondents, now and for some time last past, have introduced into commerce, sold, transported, distributed, delivered for shipment, shipped, and offered for sale, in commerce, as "commerce" is defined in the Wool Products Labeling Act of 1939, wool products as "wool product" is defined therein.

PAR. 3. 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, namely ladies' apparel, without labels or 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. 4. Respondents, now and for some time last past, and with the intent of violating the provisions of the Wool Products Labeling Act of 1939, after shipment to them in commerce of wool products, have, in violation of Section 5 of said Act, removed or caused or participated in the removal of the stamp, tag, label or other identification required by said Act to be affixed to such wool products, prior to the time such wool products were sold and delivered to the ultimate consumer, without substituting therefor labels conforming to Section 4(a) (2) of said Act.

PAR. 5. 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 methods of com-

petition and unfair and deceptive acts and practices 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 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.

PAR. 7. 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 without labels or with labels which failed:

1. To disclose the true generic names of the fibers present; and
2. To disclose the percentages of such fibers by weight.

PAR. 8. Respondents, in violation of Section 5(a) of the Textile Fiber Products Identification Act have caused and participated in the removal of, prior to the time textile fiber products subject to the provisions of the Textile Fiber Products Identification Act were sold and delivered to the ultimate consumer, labels required by the Textile Fiber Products Identification Act to be affixed to such products, without substituting therefor labels conforming to Section 4 of said Act and in the manner prescribed by Section 5(b) of said Act.

FAR. 9. The acts and practices of respondents, as set forth in Paragraphs seven and eight 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, in commerce,

and unfair methods of competition in commerce, under 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, the Wool Products Labeling Act of 1939 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 Stanley Korshak, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its executive office and principal place of business located at 912 North Michigan, Chicago, Illinois.

Respondent Korshak Gowns, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Illinois, with its executive office and principal place of business located at 1119 Lake, Oak Park, Illinois. Korshak Gowns, Inc., is a wholly owned subsidiary of Stanley Korshak, Inc.

Respondent Stanley Korshak is an officer of said corporations. He formulates, directs and controls the policies, acts and practices of said corporations and his office and principal place of business is located at 912 North Michigan, Chicago, Illinois.

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 Stanley Korshak, Inc., a corporation, and its officers, Korshak Gowns, Inc., a corporation, and its officers, and Stanley Korshak, 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 into commerce, or 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 wool products by 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.

It is further ordered, That respondents Stanley Korshak, Inc., a corporation, and its officers, and Korshak Gowns, Inc., a corporation, and its officers, and Stanley Korshak, 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 removing, or causing or participating in the removal of the stamp, tag, label or other identification required by the Wool Products Labeling Act of 1939 to be affixed to wool products subject to the provisions of such Act, prior to the time any such wool product is sold and delivered to the ultimate consumer, without substituting therefor labels conforming to Section 4(a) (2) of said Act.

It is further ordered, That respondents Stanley Korshak, Inc., a corporation, and its officers, Korshak Gowns, Inc., a corporation, and its officers, and Stanley Korshak, 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, 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 misbranding textile fiber products by 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.

It is further ordered, That respondents Stanley Korshak, Inc., a corporation, and its officers, and Korshak Gowns, Inc., a corporation, and its officers, and Stanley Korshak, 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 removing or mutilating, or causing or participating in the removal or mutilation of the stamp, tag, label or other identification required by the Textile Fiber Products Identification Act to be affixed to any textile fiber product, after such textile fiber product has been shipped in commerce and prior to the time such textile fiber product is sold and delivered to the ultimate consumer, without substituting therefor labels conforming to Section 4 of said Act and the Rules and Regulations promulgated thereunder and in the manner prescribed by Section 5(b) of said Act.

It is further ordered, That respondents notify the Commission at least 30 days prior to any proposed change in the corporate respondents such as dissolution, assignment or sale resulting in the emergence of successor corporations, the creation or dissolution of subsidiaries or any other change in the corporations which may affect compliance obligations arising out of the order.

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

It is further ordered, That 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.
