

Complaint

77 F.T.C.

IN THE MATTER OF

ARM & GOODMAN, INC., ET AL.

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

Docket C-1679. Complaint, Jan. 27, 1970—Decision, Jan. 27, 1970

Consent order requiring a New York City manufacturing furrier to cease deceptively guaranteeing, falsely invoicing and misbranding its fur products.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Fur Products Labeling Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Arm & Goodman, Inc., a corporation, and Harry Goodman and Abraham Sookerman, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and the Rules and Regulations promulgated under the Fur Products Labeling 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 Arm & Goodman, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

Respondents Harry Goodman and Abraham Sookerman are officers of the corporate respondent. They formulate, direct and control the policies, acts and practices of the said corporate respondent including those hereinafter set forth.

Respondents are manufacturers of fur products with their office and principal place of business located at 352 Seventh Avenue, New York, New York.

PAR. 2. Respondents are now and for some time last past have been engaged in the introduction into commerce, and in the manufacture for introduction into commerce, and in the sale, advertising, and offering for sale in commerce, and in the transportation and distribution in commerce, of fur products; and have manufactured for sale, sold, advertised, offered for sale, transported and distributed fur products which have been made in whole or in part of furs which have been shipped and received in commerce, as the terms

"commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act.

PAR. 3. Certain of said fur products were misbranded in that they were falsely and deceptively labeled or otherwise falsely or deceptively identified with respect to the name of the country of origin of furs contained in such fur products, in violation of Section 4(1) of the Fur Producers Labeling Act.

Among such misbranded fur products, but not limited thereto, were fur products labeled to show the country of origin of furs used in such fur products as United States when the country of origin of each such fur was, in fact, Germany or Norway.

PAR. 4. Certain of said fur products were misbranded in that they were falsely and deceptively labeled to show the fur contained therein was "color added" when in fact such fur was dyed, in violation of Section 4(1) of the Fur Products Labeling Act.

PAR. 5. Certain of said fur products were misbranded in that they were not labeled as required under the provisions of Section 4(2) of the Fur Products Labeling Act and in the manner and form prescribed by the Rules and Regulations promulgated thereunder.

Among such misbranded fur products, but not limited thereto, were fur products with labels which failed:

1. To disclose that the fur contained in the fur products was bleached, dyed, or otherwise artificially colored, when such was the fact.

2. To show the country of origin of the imported furs contained in fur products.

PAR. 6. Certain of said fur products were falsely and deceptively invoiced with respect to the name of the country of origin of imported furs used in fur products in violation of Section 5(b)(2) of the Fur Products Labeling Act.

Among such falsely and deceptively invoiced fur products, but not limited thereto, were fur products invoiced to show the name of the country of origin of furs contained in such fur products as United States when the country of origin of each such fur was, in fact, Germany or Norway.

PAR. 7. Certain of said fur products were falsely and deceptively invoiced by the respondents in that they were not invoiced as required by Section 5(b)(1) of the Fur Products Labeling Act and the Rules and Regulations promulgated under such Act.

Among such falsely and deceptively invoiced fur products, but not limited thereto, were fur products covered by invoices which failed:

1. To disclose that the fur contained in the fur products was

bleached, dyed, or otherwise artificially colored, when such was the fact.

2. To show the country of origin of the imported furs contained in the fur products.

PAR. 8. Certain of said fur products were falsely and deceptively invoiced in that certain of said fur products were invoiced to show that the fur contained therein was "color added" when in fact such fur was "dyed," in violation of Section 5(b)(2) of the Fur Products Labeling Act.

PAR. 9. Respondents furnished false guaranties under Section 10(b) of the Fur Products Labeling Act with respect to certain of their fur products by falsely representing in writing that respondents had a continuing guaranty on file with the Federal Trade Commission when respondents in furnishing such guaranties had reason to believe that the fur products so falsely guaranteed would be introduced, sold, transported and distributed in commerce, in violation of Rule 48(c) of said Rules and Regulations under the Fur Products Labeling Act and Section 10(b) of said Act.

PAR. 10. The aforesaid acts and practices of respondents, as herein alleged, are in violation of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder and constitute unfair methods of competition and unfair and deceptive acts and practices 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 and the Fur Products Labeling 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 has 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 records 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 Arm & Goodman, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its office and principal place of business located at 352 Seventh Avenue, New York, New York.

Respondents Harry Goodman and Abraham Sookerman are officers of said corporation. They formulate, direct and control the policies, acts and practices 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 Arm & Goodman, Inc., a corporation, and its officers, and Harry Goodman and Abraham Sookerman, individually and as officers of said corporation, 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 sale, advertising or offering for sale in commerce, or the transportation or distribution in commerce, of any fur product; or in connection with the manufacture for sale, sale, advertising, offering for sale, transportation or distribution, of any fur product which is made in whole or in part of fur which has been shipped and received in commerce, as the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act, do forthwith cease and desist from:

A. Misbranding any fur product by:

1. Representing, directly or by implication on a label, that the fur contained in such fur product is "color added," when such fur is dyed.

2. Falsely or deceptively labeling or otherwise falsely and deceptively identifying such fur product as to the country of origin of furs contained in such fur product.

3. Failing to affix a label to such fur product showing in words and in figures plainly legible all of the information required to be disclosed by each of the subsections of Section 4(2) of the Fur Products Labeling Act.

B. Falsely or deceptively invoicing any fur product by:

1. Failing to furnish an invoice, as the term "invoice" is defined in the Fur Products Labeling Act, showing in words and figures plainly legible all the information required to be disclosed by each of the subsections of Section 5(b)(1) of the Fur Products Labeling Act.

2. Representing, directly or by implication on an invoice, that the fur contained in such fur product is "color added" when such fur is dyed.

3. Misrepresenting in any manner on an invoice, directly or by implication, the country of origin of fur contained in such fur product.

It is further ordered, That respondents Arm & Goodman, Inc., a corporation, and its officers, and Harry Goodman and Abraham Sookerman, individually and as officers of said 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 fur product is not misbranded, falsely invoiced or falsely advertised when the respondents have reason to believe that such fur product may be introduced, sold, transported, or distributed in commerce.

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

Modified Order

IN THE MATTER OF

LESTER S. COTHERMAN, ET AL.

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

Docket 8723. Complaint, Dec. 8, 1966—Decision, Jan. 29, 1970

Order modifying an earlier order dated February 19, 1968, 73 F.T.C. 376, pursuant to a decision of the Court of Appeals, Fifth Circuit, dated October 3, 1969, 417 F.2d 587 (8 S.&D. 1008), which prohibited a mortgage loan company and its officers from misrepresenting the terms and conditions of its loans by clarifying certain parts of the order which the Court held to be too broad.

ORDER MODIFYING ORDER TO CEASE AND DESIST

Respondents Lester S. Cotherman and William F. Sullivan having filed in the United States Court of Appeals for the Fifth Circuit a petition for review of the order to cease and desist issued herein on February 19, 1968 [73 F.T.C. 376]; and the court on October 3, 1969 [8 S.&D. 1008], having issued its opinion and entered its judgment affirming the Commission's finding of violation of Section 5 of the Federal Trade Commission Act, but remanding the case to the Commission for it to clarify and modify the order to cease and desist:

Now, therefore, it is hereby ordered, That the aforesaid order of the Commission to cease and desist be, and it hereby is, modified in accordance with the said opinion and judgment of the court of appeals to read as follows:

It is ordered, That respondents Lester S. Cotherman, individually and as General Manager of Consolidated Mortgage Company, and William F. Sullivan, individually and as an officer of Consolidated Mortgage Company, and said respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the offering of or the sale or granting of lending services, or of any similar or related services, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

- (a) Representing, directly or by implication, that loans are made to customers at a six-percent rate of interest, or that loans