

Complaint

77 F.T.C.

IN THE MATTER OF

ALFRED SHAHEEN, LIMITED, ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION AND THE FLAMMABLE FABRICS ACTS

Docket C-1753. Complaint, June 24, 1970—Decision, June 24, 1970

Consent order requiring a Honolulu, Hawaii, manufacturer and importer of women's and misses' wearing apparel to cease dealing in any product, fabric or related material which fails to meet the standards promulgated under the Flammable Fabrics Act.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Flammable Fabrics Act, as amended, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Alfred Shaheen, Limited, a corporation, and Alfred G. Shaheen, Kenneth Goto and Hazel Tanaka, 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 Flammable Fabrics Act, as amended, 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:

PAR. 1. Respondent Alfred Shaheen, Limited, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Hawaii. Its address is 1684 Kalauokalani Way, Honolulu, Hawaii.

Respondents Alfred G. Shaheen, Kenneth Goto and Hazel Tanaka are officers of the corporate respondent. They formulate, direct and control the acts, practices and policies of the said corporate respondent including those hereinafter set forth.

Respondents are engaged in the manufacture, importation and sale of women's and misses' wearing apparel, including, but not limited to, ladies' dresses. The business address of Alfred G. Shaheen is 300 East 9th Street, Los Angeles, California. The business address of Kenneth Goto and Hazel Tanaka is 1684 Kalauokalani Way, Honolulu, Hawaii.

PAR. 2. Respondents are now and for some time last past have been engaged in the sale and offering for sale, manufacturing for sale, in commerce and in the importation into the United States, and

have introduced, delivered for introduction, transported and caused to be transported in commerce, and have sold or delivered after sale or shipment in commerce, products, as the terms "commerce" and "product" are defined in the Flammable Fabrics Act, as amended, which products failed to conform to an applicable standard or regulation continued in effect, issued or amended under the provisions of the Flammable Fabrics Act, as amended.

Among such products mentioned hereinabove were ladies' dresses.

PAR. 3. Respondents are now and for some time last past have been furnishing their customers with a guaranty with respect to the product mentioned in Paragraph Two hereof to the effect that reasonable and representative tests made in accordance with the standards issued or amended under the provisions of Section 4 in the Flammable Fabrics Act, as amended, and the Rules and Regulations promulgated thereunder show that the product covered by the guaranty conforms with applicable flammability standards issued or amended under the provisions of the Flammable Fabrics Act, as amended. There was reason for respondents to believe that the product covered by such guaranty might be introduced, sold, or transported in commerce.

Said guaranty was false with respect to some of said products, because such reasonable and representative tests have not been made.

PAR. 4. The aforesaid acts and practices of respondents were and are in violation of the Flammable Fabrics Act, as amended, and the Rules and Regulations promulgated thereunder, and as such constitute unfair methods of competition and 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 Flammable Fabrics Act, as amended; 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 Alfred Shaheen, Limited, is a corporation organized, existing and doing business under and by virtue of the laws of the State of Hawaii, with its office and principal place of business located at 1624 Kalauokalani Way, Honolulu, Hawaii.

Respondents Alfred G. Shaheen, Kenneth Goto and Hazel Tanaka, are officers of said corporate respondent. They formulate, direct and control the acts, practices and policies of said corporate respondent.

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 the respondents Alfred Shaheen, Limited, a corporation, and its officers, and Alfred G. Shaheen, Kenneth Goto and Hazel Tanaka, 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 manufacturing for sale, selling, offering for sale, in commerce, or importing into the United States, or introducing, delivering for introduction, transporting or causing to be transported in commerce, or selling or delivering after sale or shipment in commerce, any product, fabric, or related material as "commerce," "product," "fabric" and "related material" are defined in the Flammable Fabrics Act, as amended, which product, fabric or related material fails to conform to an applicable standard or regulation continued in effect, issued or amended under the provisions of the aforesaid Act.

It is further ordered, That respondents herein shall, within ten

(10) days after service upon them of this order, file with the Commission an interim special report in writing setting forth the respondents' intention as to compliance with this order. This interim special report shall also advise the Commission fully and specifically concerning the identity of the product which gave rise to the complaint, (1) the amount of such product in inventory, (2) any action taken to notify customers of the flammability of such product and the results thereof and (3) any disposition of such product since September 1969. Such report shall further inform the Commission whether respondents have in inventory any other fabric, product or related material having a plain surface and made of silk, rayon and acetate, nylon and acetate, rayon or cotton or combinations thereof in a weight of two ounces or less per square yard or with a raised fiber surface and made of cotton or rayon or combinations thereof. Respondents will submit samples of any such fabric, product or related material with this report.

It is further ordered, That respondents Alfred Shaheen, Limited, a corporation, and its officers, and Alfred G. Shaheen, Kenneth Goto and Hazel Tanaka, 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 guaranty as set forth in Section 8(a) of the Flammable Fabrics Act, as amended, with respect to any product, fabric or related material which guaranty is false and when respondents have reason to believe that such product, fabric or related material may be introduced, sold, or transported in commerce.

It is further ordered, That the respondents herein either process the fabrics which gave rise to this complaint and any wearing apparel made from said fabrics so as to bring them within the applicable flammability standards of the Flammable Fabrics Act, as amended, or destroy said fabrics or any wearing apparel made therefrom.

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

Complaint

77 F.T.C.

sixty (60) days after service upon them of this order, file with the