

IN THE MATTER OF

LEWIS RUSOFF, INC., ET AL.

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

Docket C-1757. Complaint, July 2, 1970—Decision, July 2, 1970

Consent order requiring two Hoboken, N.J., converters and jobbers to cease misbranding, falsely guaranteeing, and failing to keep required records, in violation of the Textile Fiber Products Identification Act and the Wool Products Labeling Act.

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 Lewis Rusoff, Inc., a corporation, Leonard Fabrics, Inc., a corporation, and Lewis Rusoff, 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 Textile Fiber Products Identification Act, and it appearing to the Commission that a pro-

ceeding by it in respect thereof would be in the public interest, hereby issues its charges in that respect as follows:

PARAGRAPH 1. Respondent Lewis Rusoff, 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 1036-1040 Grand Street, Hoboken, New Jersey and its buying office at 151 West 40th Street, New York, New York.

Respondent Leonard Fabrics, 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 1036-1040 Grand Street, Hoboken, New Jersey, and its buying office at 151 West 40th Street, New York, New York.

Respondent Lewis Rusoff 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 the same as that of the corporate respondents.

Respondents' operations may be classified as that of converters and jobbers. These operations consist of the purchasing of odd lots, mill ends and close-outs of woolen goods and textile fiber products in both greige and printed fabric form. The greige goods are thereafter dyed, and the fabrics are prepared in bundles of various lengths, and sold in commerce to their customers, who are garment manufacturers and department stores.

Respondents perform a step in the manufacturing process, in that fabrics purchased by them in the greige are finished under their direction.

PAR. 2. Respondents are now and for some time last past have been engaged in the introduction, delivery for introduction, manufacture 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. 3. Certain of said textile fiber products were misbranded by the 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 or 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 textile fiber products, namely fabrics, invoiced as "Dacron Polyester Double Knits" whereas in truth and in fact, such fabrics contained substantially different fibers and amounts of fibers than represented.

PAR. 4. 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 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 to disclose the true generic name of the fiber present.

PAR. 5. Respondents have failed to maintain and preserve proper records showing the fiber content of their textile fiber products, in the following respects:

1. Records of textile fiber products manufactured by them were not maintained and preserved as required, in violation of Section 6(a) of the Textile Fiber Products Identification Act and Rule 39 of the Rules and Regulations promulgated thereunder.

2. Respondents substituted stamps, tags, labels, or other identification pursuant to Section 5(b) of the Textile Fiber Products Identification Act and failed to maintain and preserve such records as would show the information set forth on the stamps, tags, labels or other identification removed by respondents, together with the name or names of the person or persons from whom such textile fiber products were received, in violation of Section 6(b) of the Textile Fiber Products Identification Act.

PAR. 6. Certain of said textile fiber products were misbranded in violation of the Textile Fiber Products Identification Act in that they were not labeled in accordance with the Rules and Regulations promulgated thereunder inasmuch as samples, swatches and specimens of textile fiber products subject to the aforesaid Act, which were used to promote or effect sales of such textile fiber products, were not labeled to show their respective fiber contents and other information required by Section 4(b) of the Textile Fiber Products

Identification Act and the Rules and Regulations promulgated thereunder, in violation of Rule 21(a) of said Rules and Regulations.

PAR. 7. Respondents furnished false guaranties under Section 10(b) of the Textile Fiber Products Identification Act with respect to certain of their textile fiber products by falsely representing in writing on invoices that said respondents had a continuing guaranty on file with the Federal Trade Commission, when said respondents did not, in fact, have such a guaranty on file.

PAR. 8. The acts and practices of respondents as set forth 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 methods of competition and unfair and deceptive acts or practices, in commerce, under the Federal Trade Commission Act.

PAR. 9. Respondents are now and for some time last past have been engaged in the advertising, sale, offering for sale, and distribution of fabrics, and other products, in commerce, as "commerce" is defined in the Federal Trade Commission Act.

In the course and conduct of their business, respondents now cause and for some time last past have caused, their said products, when sold, to be shipped from their place of business in the State of New Jersey to purchasers thereof located in various other States of the United States, and maintain and at all times mentioned herein have maintained, a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 10. Respondents in the course and conduct of their business, as aforesaid, have affixed the following type fabric pattern card to dress length samples of fabric:

Simplicity Pattern
Famous Designer
Sample Fabric.

PAR. 11. Through the use of such statements and representations as set forth above, and others similar thereto, but not specifically set out herein, the respondents have represented directly or indirectly, that all dress length samples of fabric to which this fabric pattern card is attached have been obtained from famous designers, when in truth and in fact, not all such fabrics have been obtained from famous designers, and therefore, the statements and representations made by the respondents were and are false, misleading and deceptive.

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PAR. 12. In the course and conduct of their business, the aforesaid respondents, on their invoices, have used the term "mill," thus stating or implying that respondents own, operate or control a mill or factory in which fabric or other products sold by them are manufactured, and that such mill or factory is located at 1040 Grand Street, Hoboken, New Jersey.

PAR. 13. In truth and in fact, respondents do not own, operate, or control any mill or factory where the aforesaid fabrics or other products sold by them are manufactured. Thus the aforesaid representation is false, misleading and deceptive.

PAR. 14. There is a preference on the part of many members of the public to buy products directly from mills or factories in the belief that by so doing, certain advantages accrue to them, including lower prices.

PAR. 15. Respondents in the course and conduct of their business have made guaranty statements on fabric pattern cards affixed to dress length samples of fabric, as follows:

Satisfaction Guaranteed.

PAR. 16. Through the use of such statements and representations as set forth above, and others similar thereto, but not specifically set out herein, the respondents have represented directly or indirectly, to the purchasing public, that said fabric samples are unconditionally guaranteed.

PAR. 17. In truth and in fact, said fabric samples are not unconditionally guaranteed and the nature and extent of the guarantee and the manner in which the guarantor will perform was not set forth in connection therewith. Moreover, the name and address of the guarantor were not set forth as required. Therefore, the statements and representations made by the respondents, as hereinbefore stated, were and are, false, misleading and deceptive.

PAR. 18. 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 purchasers into the erroneous and mistaken belief that such statements and representations were, and are, true and into the purchase of substantial quantities of said respondents' products by reason of said erroneous and mistaken belief.

PAR. 19. The aforesaid acts and practices of respondents, as herein alleged in Paragraphs Ten through Eighteen were, and are, all to the prejudice and injury of the public, and constituted and now constitute, unfair methods of competition and unfair and deceptive acts

and practices in commerce in violation of Section 5(a)(1) of the Federal Trade Commission Act.

PAR. 20. Respondents, now and for some time last past, have introduced into commerce, manufactured for introduction 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. 21. Certain of said wool products were misbranded by the 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.

PAR. 22. 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.

PAR. 23. Certain of said wool products were misbranded 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 inasmuch as samples, swatches or specimens of wool products subject to the aforesaid Act, which were used to promote or effect sales of such wool products, were not labeled to show their respective fiber contents and other information required by law in violation of Rule 22 of said Rules and Regulations.

PAR. 24. The acts and practices of the respondents as set forth above in Paragraphs Twenty-one through Twenty-three 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 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 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 Lewis Rusoff, 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 1036-1040 Grand Street, Hoboken, New Jersey, and its buying office at 151 West 40th Street, New York, New York.

Respondent Leonard Fabrics, 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 1036-1040 Grand Street, Hoboken, New Jersey, and its buying office at 151 West 40th Street, New York, New York.

Respondent Lewis Rusoff is an officer of said corporate respondents. He formulates, directs and controls the acts, practices and policies of said corporations and his address is the same as that of said corporations.

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 Lewis Rusoff, Inc., a corporation, and its officers, Leonard Fabrics, Inc., a corporation, and its officers,

and Lewis Rusoff, 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, manufacture 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:

A. Misbranding such 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 affix a stamp, tag, label, or other means of identification to each such product 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.

3. Failing to affix labels to samples, swatches or specimens of textile fiber products used to promote or effect the sale of such textile fiber products showing in words and figures plainly legible all the information required to be disclosed by Section 4(b) of the Textile Fiber Products Identification Act.

B. Failing to maintain and preserve proper records of fiber content of textile fiber products manufactured by respondents, as required by Section 6(a) of the Textile Fiber Products Identification Act and Rule 39 of the Rules and Regulations promulgated thereunder.

C. Failing to maintain and preserve, as required by Section 6(b) of the Textile Fiber Products Identification Act, such records of the fiber content of textile fiber products as will show the information set forth on the stamps, tags, labels, or other

identification removed by respondents, together with the name or names of the person or persons from whom such textile fiber products were received, when substituting stamps, tags, labels, or other identification pursuant to Section 5(b) of the Textile Fiber Products Identification Act.

It is further ordered, That respondents Lewis Rusoff, Inc., a corporation, and its officers, Leonard Fabrics, Inc., a corporation, and its officers, and Lewis Rusoff, 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 furnishing a false guaranty that any textile fiber product is not misbranded or falsely or deceptively invoiced or advertised under the provisions of the Textile Fiber Products Identification Act.

It is further ordered, That respondents Lewis Rusoff, Inc., a corporation, and its officers, Leonard Fabrics, Inc., a corporation, and its officers, and Lewis Rusoff, 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 advertising, offering for sale, sale or distribution of merchandise in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Directly or indirectly using the word "mills," or any other word or term of similar import or meaning on invoices, shipping memoranda or other of respondents' documents distributed in commerce, or representing in any other manner that respondents perform the functions of a mill or otherwise manufacture or process products sold by them unless and until respondents own and operate, or directly and absolutely control the mills wherein said products are manufactured.
2. Misrepresenting in any manner that respondents have mills or factories where their products are manufactured.
3. Representing, directly or indirectly, that their fabrics or other products are styled by "Famous Designers," unless and until such representations are in fact true.
4. Representing that any of respondents' products are guaranteed, unless the nature and extent of the guarantee, the name of the guarantor, the address of the guarantor and the manner in

which the guarantor will perform thereunder are clearly and conspicuously disclosed.

It is further ordered, That respondents Lewis Rusoff, Inc., a corporation, and its officers, Leonard Fabrics, Inc., a corporation, and its officers, and Lewis Rusoff, 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 or manufacture for 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:

1. Falsely and 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 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. Failing to affix labels to samples, swatches or specimens of wool products used to promote or effect sales of such wool products, showing their respective fiber contents and other information required by law.

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.

Complaint

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IN THE MATTER OF

MONROE LANG

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

Docket C-1758. Complaint, July 2, 1970—Decision, July 2, 1970

Consent order requiring a Chicago, Ill., fur dealer to cease falsely or deceptively invoicing any furs or 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 Monroe Lang, an individual trading as Monroe Lang, hereinafter referred to as respondent, has 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 Monroe Lang is an individual trading as Monroe Lang.

Respondent is a fur dealer with his office and principal place of business located at 190 North State Street, Chicago, Illinois.

PAR. 2. Respondent is now and for some time last past has been engaged in the 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 has 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, and has introduced into commerce, and sold, advertised and offered for sale in commerce, and transported and distributed in commerce, furs, as the terms "commerce," "fur" and "fur product" are defined in the Fur Products Labeling Act.

PAR. 3. Certain of said furs or fur products were falsely and deceptively invoiced by the respondent 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 furs or fur products,