

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

Docket C-1882. Complaint, Mar. 18, 1971—Decision, Mar. 18, 1971

Consent order requiring Euless, Texas, manufacturers and distributors of disposable hospital products, including "nurses' caps" and "infants' shirts," to cease violating the Flammable Fabrics Act by distributing any fabric which fails to conform with the standards of said 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 Precept, Inc., a corporation, and Van Hubbard and Jerry L. Tims, 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:

PARAGRAPH 1. Respondent Precept, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Texas. Individual respondents Van Hubbard and Jerry L. Tims are officers of corporate respondent. They formulate, direct and control the acts, practices and policies of said corporation.

The respondents are engaged in the manufacture, sale and distribution of disposable hospital products, including but not limited to, wearing apparel. Among the items of wearing apparel manufactured, sold and distributed are "nurses' caps" and "infants' shirts." The respondents principal place of business is located at 1110-A Pamela Drive, Euless, Texas.

PAR. 2. Respondents are now and for some time last past have manufactured for sale, sold and offered for sale, in commerce, 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; and have manufactured for sale, sold, and offered for sale, products made of fabrics or related materials which have been shipped and received in commerce, as the terms "commerce," "product," "fabric" and "related material" are defined in the Flammable Fabrics Act, as amended, which products and fabrics fail 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 were "nurses' caps" and "infants' shirts."

PAR. 3. 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 Consumer Protection 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 Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed 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 Precept, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Texas.

Respondents Van Hubbard and Jerry L. Tims are officers of the corporate respondent. They formulate, direct and control the acts, practices and policies of said corporation.

The respondents are engaged in the manufacture, sale and distribution of disposable hospital products, including but not limited thereto, wearing apparel. Among the items of wearing apparel manufactured, sold and distributed are "nurses' caps" and "infants' shirts." The respondents' principal place of business is located at 1110 A Pamela Drive, Euless, Texas.

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 Precept, Inc., a corporation, and its officers, and Van Hubbard and Jerry L. Tims, 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; or manufacturing for sale, selling, or offering for sale any product made of fabric or related material which has been shipped or received in commerce, 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 notify all of their customers who have purchased or to whom have been delivered the products which gave rise to this complaint of the flammable nature of such products and effect recall of such products from said customers.

It is further ordered, That the respondents herein either process the products which gave rise to the complaint so as to bring them within the applicable flammability standards of the Flammable Fabrics Act, as amended, or destroy said products.

It is further ordered, That the respondents herein shall, within ten (10) days after service upon them of this order, file with the Commission an interim report in writing setting forth the respondents' intentions as to compliance with this order. This interim report shall also advise the Commission fully and specifically concerning the identity of the products which gave rise to the complaint and (1) the amount of such products in inventory, (2) any action taken and any further actions proposed to be taken to notify customers of the flammability of such products and effect recall of such products from said customers, and of the results of any such actions, (3) any disposition of such products since January 1970, and (4) any action taken or proposed to be taken to flameproof or destroy such products and the results of such action. Such report shall further inform the Commission whether respondents have in inventory any fabric, product or related material having a plain surface and made of paper, silk, rayon and acetate, nylon and acetate, rayon, cotton or combinations thereof in a weight of two ounces or less per square yard, or having a raised fiber surface made of cotton or rayon or combinations thereof. Respondents will submit samples of any such fabric, product or related material with this report. Samples of the fabric, product or related material shall be of no less than one square yard of material.

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

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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 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

JEWEL CASE INC. ET AL.