

Complaint

IN THE MATTER OF

LAUREATE HOSIERY MILLS, INC., ET AL.

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

Docket C-2160. Complaint, March 1, 1972—Decision, March 1, 1972

Consent order requiring Bayonne, N.J., and Charlotte, N.C., importers, wholesalers and retailers of textile fiber products to cease misbranding their textile fiber products and misrepresenting themselves as manufacturers of such products.

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 Laureate Hosiery Mills, Inc., a corporation, and Schulte & Dieckhoff (USA), Inc., a corporation, 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 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 Laureate Hosiery Mills, 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 206 West 5th Street, Bayonne, New Jersey.

Respondent Schulte & Dieckhoff (USA), 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 1820 Statesville Avenue, Charlotte, North Carolina.

Respondents are importers, wholesalers and retailers of textile fiber products.

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 the importation into the United States of textile

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fiber products; and in the sale, offering for sale, advertising, delivery, transportation, and causing to be transported, of textile fiber products which have been advertised or offered for sale in commerce; and in the sale, offering for sale, advertising, delivery, transportation, and causing to be transported, after shipment in commerce, of textile fiber products, whether 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 the textile fiber products were misbranded by the respondents in that they were not stamped, tagged, labeled or otherwise identified to show each element of information required to be disclosed by Section 4(b) of the Textile Fiber Products Identification Act, and in the manner and form prescribed by the rules and regulations promulgated under said Act.

Among such misbranded textile fiber products, but not limited thereto, were textile fiber products, namely pantyhose, with labels that failed:

1. To disclose the true generic name of the fiber or fibers present in said products.
2. To disclose the percentages by weight of such fiber or fibers in said products.
3. To show that said products were imported and the name of the country where they were processed or manufactured.

PAR. 4. The acts and practices of the 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 and practices, in commerce, under the Federal Trade Commission Act.

PAR. 5. In the course and conduct of their business, respondent Laureate Hosiery Mills, Inc., a corporation, and its officers, now cause, and for some time last past have caused, their said textile fiber products, including hosiery, 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 time 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. 6. In the course and conduct of their business, at all time mentioned herein, said respondents have been in substantial competition, in commerce, with corporations, firms and individuals who

are also engaged in the sale of products of the same general kind as that sold by said respondents.

PAR. 7. In the course and conduct of their business the aforesaid respondents refer to the said corporate respondent as "Laureate Hosiery Mills, Inc.," thus stating or implying that said corporate respondent is a manufacturer of the hosiery which it sells. In truth and in fact, the said corporate respondent performs no such manufacturing functions whatsoever, but operates exclusively as a distributor of said products. Thus the aforesaid representation is false, misleading and deceptive.

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 doing so certain advantages come to them, including lower prices.

PAR. 8. The use by said respondents of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has, the capacity and tendency to mislead dealers and other 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. 9. The aforesaid acts and practices of said respondents, as herein alleged, were, and are, all to the prejudice and injury of the public and of said respondents' competitors and constituted, and now constitute, unfair and deceptive acts and practices and unfair methods of competition, in commerce, within the intent and meaning of Section 5 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 Division 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

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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 Section 2.34(b) of its rules, the Commission hereby issues its complaint, makes the following jurisdictional finding, and enters the following order:

1. Respondent Laureate Hosiery Mills, 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 206 West 5th Street, Bayonne, New Jersey.

Respondent Schulte & Dieckhoff (USA), 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 1820 Statesville Avenue, Charlotte, North Carolina.

Respondents are importers, wholesalers and retailers of textile fiber products.

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 Laureate Hosiery Mills, Inc., a corporation, its successors and assigns, and its officers, and Schulte & Dieckhoff (USA), Inc., a corporation, its successors and assigns, and its officers, 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 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 respondent Laureate Hosiery Mills, Inc., a corporation, its successors and assigns, and its officers, and respondent's representatives, agents and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of hosiery or other textile products, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing directly or indirectly that respondent Laureate Hosiery Mills, Inc., is a manufacturer of hosiery or other products unless respondents own and operate, or directly and absolutely control a mill, factory or manufacturing plant wherein said hosiery or other products are manufactured.

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 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.

IN THE MATTER OF

COSMAW, INC., ET AL.

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

Docket C-2161. Complaint, March 1, 1972—Decision, March 1, 1972

Consent order requiring an Omaha, Neb., corporation allegedly operating social clubs for single, divorced and/or widowed persons to cease misrepresenting