

Modifying Order

IN THE MATTER OF

KOSCOT INTERPLANETARY, INC., ET AL.

MODIFYING ORDER, ETC., IN REGARD TO ALLEGED VIOLATION
OF THE FEDERAL TRADE COMMISSION ACT AND SEC. 2 OF THE
CLAYTON ACT

Docket 8888. Decision, Nov. 18, 1975—Modifying Order, Jan. 13, 1976

Order modifying an earlier order dated Nov. 18, 1975, 40 F.R. 60044, 86 F.T.C. 1106, by deleting Paragraph VI requiring Koscot Interplanetary, Inc. to deliver copies of Section II of order to salespersons, franchisees, and distributors of their products and services; and requiring respondent to secure signed statements acknowledging each party's receipt of said copies.

Appearances

For the Commission: *Quentin P. McColgin* and *David D. Keehn*.

For the respondents: *Kenneth M. Robinson*, Washington, D.C.

ORDER MODIFYING FINAL ORDER

Respondent Koscot Interplanetary, Inc. has petitioned for reconsideration of the Commission's order issued November 18, 1975. Respondent asks that Paragraph VI be deleted. This paragraph requires circulation of certain portions of the order to those who undertake to distribute respondent's cosmetics. Complaint counsel oppose the petition, arguing that counsel for respondent in the administrative proceeding before the Commission had full opportunity to object to Paragraph VI, but instead indicated to the Commission at oral argument that he had no objection to those portions of the administrative law judge's order not dealing with restitution.

Ordinarily the Commission will not reconsider an issue where there has previously been an opportunity for the issue to be argued before the Commission (Rules of Practice, Section 3.55). However, the Commission may modify its order in appropriate circumstances (Section 3.72). Given the circumstances recited in petitioner's letter we will grant the request that Paragraph VI of the order of November 18, 1975, be deleted as to petitioner Koscot Interplanetary, Inc.

Respondent has also expressed uncertainty as to the meaning of Paragraph VII of the order. This is a standard reporting provision included in all Commission orders. It merely requires that the Commission be informed of any change in the corporation which might affect its compliance with an order. Such changes might include dissolution or sale to a new owner. At such time as the order in this matter becomes final, staff of the Commission in charge of compliance

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will assist respondent to interpret the foregoing or any other paragraph of the order, as it applies to respondent's current operations.

Therefore,

It is ordered, That Paragraph VI of the Commission's order of November 18, 1975, in this matter shall be, and it hereby is, stricken as to respondent Koscot Interplanetary, Inc.

IN THE MATTER OF

A. SOLOFF & SON, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION AND WOOL PRODUCTS
LABELING ACTS*Docket C-2779. Complaint, Jan. 13, 1976—Decision, Jan. 13, 1976*

Consent order requiring a Fall River, Mass., manufacturer of woolen apparel, among other things to cease misbranding and mislabeling the fiber content of its woolen products.

Appearances

For the Commission: *James S. Parker.*

For the respondents: *Paul S. Horvitz, Horvitz & Horvitz, Fall River, Mass.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Wool Products Labeling Act of 1939, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that A. Soloff & Son, Inc., a corporation, and Merrill Leviss, individually and as an officer of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and the rules and regulations promulgated under the Wool Products Labeling Act of 1939, 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 A. Soloff & Son, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Massachusetts, with its office and principal place of business located at 1 Ace St., Fall River, Massachusetts.

Individual respondent Merrill Leviss is an officer of the corporate respondent. He formulates, directs and controls the acts, practices and policies of the corporate respondent, including the acts and practices hereinafter set forth.

Respondents are engaged in the manufacture and sale of wool products including but not limited to men's and children's outerwear.

PAR. 2. Respondents, now and for some time last past, have manufactured for introduction into commerce, introduced 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. 3. 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.

Among such misbranded wool products, but not limited thereto, were men's and children's outerwear which were stamped, tagged, labeled, or otherwise identified as containing "80% Wool, 20% Polyester" whereas, in truth and in fact, such wool products contained substantially different fibers and amounts of fibers than as represented.

PAR. 4. 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.

Among such misbranded wool products, but not limited thereto, were men's and children's outerwear which failed to have labels on or affixed thereto showing the percentage of the total fiber weight of the said wool product, exclusive of ornamentation not exceeding 5 per centum of said total fiber weight of (1) wool fibers; (2) reprocessed wool; (3) reused wool; (4) each fiber other than wool when said percentage by weight of such fiber was five per centum or more; and (5) the aggregate of all other fibers.

PAR. 5. The acts and practices of the respondents as set forth above 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 draft of complaint which the Boston Regional Office 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 Wool Products Labeling Act of 1939; 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 sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34 of the Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent A. Soloff & Son, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Massachusetts, with its principal office and place of business located at 1 Ace St., Fall River, Massachusetts.

Respondent Merrill Levis is an officer of said corporation. He formulates, directs and controls the policies, acts and practices of said corporation, including the acts and practices hereinafter set forth. His address is the same as that of said corporation.

Respondents are engaged in the manufacture and sale of wool products including but not limited to men's and children's outerwear.

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 A. Soloff & Son, Inc., a corporation, its successors and assigns and its officers, and Merrill Levis, individually and as an officer of said corporation, and respondents' representatives, agents and employees, directly or through any corporation, subsidiary, division or other device, in connection with the manufacture for introduction into commerce, introduction into commerce, or the 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 such products by:

1. Falsely, and deceptively stamping, tagging, labeling, or otherwise identifying such products.

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.

It is further ordered, That respondents deliver a copy of this order to cease and desist to each of its operating divisions.

It is further ordered, That respondents notify the Commission at least thirty (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 individual respondent named herein promptly notify the Commission of the discontinuance of his present business or employment and of his affiliation with a new business or employment. Such notice shall include the respondent's current business address and a statement as to the nature of the business or employment in which he is engaged as well as a description of his duties and responsibilities.

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

CIRCULATION BUILDERS, INC., T/A PUBLISHERS
SERVICE COMPANY OF CALIFORNIA, ET AL.CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT*Docket 9004. Complaint, Jan. 7, 1975—Decision, Jan. 14, 1976*

Consent order requiring a Sausalito, Calif., company engaged in door-to-door sales of books and periodicals, among other things to cease misrepresenting and failing to disclose material facts in soliciting people for employment as sales agents; failing to obtain all required licenses or other permits prior to doing business in any jurisdiction; misrepresenting and failing to disclose material facts in selling subscriptions for magazines, books or other publications which respondents have no authority to sell or which respondents cannot cause to be delivered. Respondents are further required to make full refunds to all consumers who have dealt with them since Jan. 1, 1974.

Appearances

For the Commission: *Ralph E. Stone* and *Paul D. Hodge*.

For the respondents: *Stephen M. Koolpe*, Mill Valley, Calif.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission having reason to believe that Circulation Builders, Inc., a corporation, doing business as Publishers Service Company of California and Harold J. Gutknecht and Gerald Gutknecht, individually and as officers of said corporation, hereinafter sometimes referred to as respondents, have violated the provisions of said 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 Circulation Builders, Inc., doing business as Publishers Service Company of California, is a corporation, organized, existing and doing business under and by virtue of the laws of the State of California, with its principal office and place of business located at 691 Bridgeway, Sausalito, California.

Respondent Gerald Gutknecht is an individual and an officer of the corporate respondent. He formulates, directs and controls the acts and practices of the corporate respondent including the acts and practices hereinafter set forth. His address is the same as that of the corporate respondent.