

Complaint

88 F.T.C.

IN THE MATTER OF

HONG KONG CUSTOM TAILORS, INC., ET AL.

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

Docket C-2838. Complaint, Sept. 17, 1976 — Decision, Sept. 17, 1976

Consent order requiring a Washington, D.C., importer and seller of wool and textile fiber products, among other things to cease misbranding and mislabeling its wool and textile fiber products.

Appearances

For the Commission: *Michael Dershowitz.*

For the respondents: *Pro se.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, as amended, the Wool Products Labeling Act of 1939, 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 Hong Kong Custom Tailors, Inc., a corporation, Hong Kong Custom Tailors of Maryland, Inc., a corporation, Hong Kong Custom Tailors of Springfield, Virginia, Inc., a corporation, Hong Kong Custom Tailors, Virginia, Inc., a corporation, and Lal I. Keswani, 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 Wool Products Labeling Act of 1939 and the Textile Fiber Products Identification Act, and it now 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 Hong Kong Custom Tailors, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the District of Columbia, with its principal office and place of business located at 2007 Florida Ave., N.W., Washington, D.C.

Respondent Hong Kong Custom Tailors of Maryland, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the District of Columbia, with its principal office and place of business located at Beltway Plaza, Greenbelt, Maryland.

Respondent Hong Kong Custom Tailors of Springfield, Virginia, Inc. is a corporation organized, existing and doing business under and by

virtue of the laws of the Commonwealth of Virginia, with its principal office and place of business located at Springfield Mall, Springfield, Virginia.

Respondent Hong Kong Custom Tailors, Virginia, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Virginia, with its principal office and place of business located at Tysons Corner Shopping Center, McLean, Virginia.

Individual respondent Lal I. Keswani is an officer of each of the corporate respondents named herein. He formulates, directs and controls the acts and practices of said corporate respondents including the acts and practices hereinafter set forth. His business address is the same as that of corporate respondent Hong Kong Custom Tailors, Inc.

The aforementioned respondents are now, and for some time last past have been, engaged in the importation and sale in the United States of men's clothing and other wearing apparel. Respondents cooperate and act together in carrying out the acts and practices hereinafter set forth.

PAR. 2. Respondents, now and for some time last past, have imported for introduction into commerce, introduced into commerce, transported, distributed, delivered for shipment, shipped, offered for sale, and sold wool products in commerce, as "wool product" and "commerce" are defined in the Wool Products Labeling Act of 1939.

PAR. 3. Certain of said wool products were misbranded by 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 suits which were stamped, tagged, labeled, or otherwise identified by respondents as "100% wool" whereas, in truth and in fact, said products contained substantially different fibers and amounts of fibers than represented.

PAR. 4. Certain of said wool products were further misbranded by respondents 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 in the following respect:

1. Samples, swatches or specimens of wool products used to promote or effect sales of such wool products as men's suits in commerce were not labeled or marked to show the percentage of the total fiber weight of said wool products, exclusive of ornamentation not exceeding 5 per

centum of said total fiber weight of (1) wool; (2) reprocessed wool; (3) reused wool; (4) each fiber other than wool, when said percentage by weight of such fiber was 5 per centum or more; and (5) the aggregate of all other fibers, as required by Section 4(a)(2) of the Wool Products Labeling Act of 1939 and the rules and regulations promulgated thereunder, in violation of Rule 22 of the aforesaid rules and regulations.

PAR. 5. The aforesaid acts and practices of respondents as herein alleged, were, and are, in violation of the Wool Products Labeling Act of 1939 and the rules and regulations promulgated thereunder, 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, within the meaning of the Federal Trade Commission Act, as amended.

PAR. 6. Respondents are now, and for some time last past have been, engaged in the introduction, delivery 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 or 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 or caused to be transported after shipment in commerce, textile fiber products, either in their original state or contained in other textile fiber products, as "commerce" and "textile fiber product" are defined in the Textile Fiber Products Identification Act.

PAR. 7. Certain of said textile fiber products were misbranded by 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 and deceptively stamped, tagged, labeled, invoiced, advertised or otherwise identified as to the name or amount of the constituent fibers contained therein.

Among such misbranded textile fiber products, but not limited thereto, were men's suits which contained substantially different amounts and types of fibers than as represented.

PAR. 8. Certain of said textile fiber products were further misbranded by respondents in violation of the Textile Fiber Products Identification Act in that they were not labeled in accordance with the rules and regulations promulgated thereunder in the following respect:

1. Samples, swatches or specimens of textile fiber products used to promote or effect sales of such textile fiber products as men's suits were not labeled to show (1) the true generic names of the fibers

present therein and (2) the percentages of such fibers by weight, as 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 the aforesaid rules and regulations.

PAR. 9. The aforesaid acts and practices of respondents as herein alleged, were, and are, in violation of the Textile Products Identification Act and the rules and regulations promulgated thereunder, 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, under the Federal Trade Commission Act, as amended.

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 Washington, D.C. 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, as amended, the Wool Products Labeling Act of 1939 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 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 its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Hong Kong Custom Tailors, Inc. is a corporation organized, existing and doing business under and by virtue of the laws

of the District of Columbia, with its office and principal place of business located at 2007 Florida Ave., N.W., Washington, D.C.

Respondent Hong Kong Custom Tailors of Maryland, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the District of Columbia, with its office and principal place of business located at Beltway Plaza, Greenbelt, Maryland.

Respondent Hong Kong Custom Tailors of Springfield, Virginia, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Virginia, with its office and principal place of business located at Springfield Mall, Springfield, Virginia.

Respondent Hong Kong Custom Tailors, Virginia, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Virginia, with its office and principal place of business located at Tysons Corner Shopping Center, McLean, Virginia.

Respondent Lal I. Keswani is an officer of said corporations. He formulates, directs and controls the policies, acts and practices of said corporations, and his principal office and place of business is located at 2007 Florida Ave., N.W., Washington, D.C.

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 Hong Kong Custom Tailors, Inc., a corporation, Hong Kong Custom Tailors of Maryland, Inc., a corporation, Hong Kong Custom Tailors of Springfield, Virginia, Inc., a corporation, Hong Kong Custom Tailors, Virginia, Inc., a corporation, their successors and assigns, and their officers, and Lal I. Keswani, individually and as an officer of said corporate respondents, and respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with the introduction, or importing for introduction into commerce, or the offering for sale, sale, transportation, distribution, delivery for 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 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,

legible 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 securely affix labels to samples, swatches or specimens of wool products used to promote or effect sales of such wool products, showing in words and figures plainly legible all the information required to be disclosed by Section 4(a)(2) of the Wool Products Labeling Act of 1939.

It is further ordered, That respondents Hong Kong Custom Tailors, Inc., a corporation, Hong Kong Custom Tailors of Maryland, Inc., a corporation, Hong Kong Custom Tailors of Springfield, Virginia, Inc., a corporation, Hong Kong Custom Tailors, Virginia, Inc., a corporation, their successors and assigns, and their officers, and Lal I. Keswani, individually and as an officer of said corporate respondents, and respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with the introduction, delivery 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 "commerce" and "textile fiber product" are defined in the Textile Fiber Products Identification Act, do forthwith cease and desist from:

A. Misbranding textile fiber products by:

1. Falsely or deceptively stamping, tagging, labeling, invoicing, advertising or otherwise identifying such products as to the name or amount of the 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 securely affix labels to samples, swatches or specimens of textile fiber products used to promote or effect sales 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.

It is further ordered, That respondents shall forthwith deliver a copy of this order to cease and desist to all present and future personnel

engaged in the offering for sale, or sale, of any wool or textile fiber products, and that respondents secure a signed statement acknowledging receipt of said order from each such person.

It is further ordered, That respondents notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondents 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 corporations 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. Such notice shall include 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.

Commissioner Dole did not participate by reason of absence.

IN THE MATTER OF
CARL STEPP T/A ACE STEREO AND SEWING MACHINE
COMPANY

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION ACT

Docket C-2840. Complaint, Sept. 17, 1976 — Decision, Sept. 17, 1976

Consent order requiring a Decatur, Ga., sewing machine retailer, among other things to cease using deceptive terminology and bait and switch sales tactics; failing to disclose conditions and limitations of warranties; and failing to provide foreign language translations of pertinent information. Further, respondent is required to disclose, at the time of sale, that purchasers have the right to a three-day period in which to cancel their contract, and to honor valid cancellations.

Appearances

For the Commission: *Edward J. Carnot* and *Arnold C. Celnicker*.
For the respondent: *Joseph E. Wilkerson, Esq.*, Tucker, Georgia.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, as amended, and by virtue of the authority vested in it by said Act, as amended, the Federal Trade Commission having reason to believe that Carl Stepp, an individual trading and doing business as Ace Stereo and Sewing Machine Company, hereinafter sometimes referred to as respondent, has 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:

COUNT 1

PARAGRAPH 1. Respondent Carl Stepp is an individual trading and doing business as Ace Stereo and Sewing Machine Company with his principal office and place of business located at 1761 Candler Road, Decatur, Georgia. Respondent has previously traded and done business as Columbia Sewing Machine Company, with his principal office and place of business located at 1777 Candler Road, Decatur, Georgia, and as Glenwood Sewing Center with his principal office and place of business located at 1777 Candler Road, Decatur, Georgia.

PAR. 2. Respondent is now and for some time last past has been engaged in the advertising, offering for sale and selling of sewing machines to the public.

PAR. 3. In the course and conduct of his business, respondent has