

IN THE MATTER OF
DESIGN ZONE, INC.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
TEXTILE FIBER PRODUCTS IDENTIFICATION ACT
AND SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT

Docket C-3881. Complaint, June 10, 1999--Decision, June 10, 1999

This consent order, among other things, prohibits Design Zone, Inc., a California-based manufacturer and distributor of t-shirts and other textile wearing apparel, from misrepresenting the extent to which any t-shirt or other textile wearing apparel is made in the United States or any other country.

Participants

For the Commission: *Robert E. Easton, Sr., Mary Engle, and Elaine Kolish.*

For the respondent: *Donald Stein, Manatt, Phelps & Phillips, Washington, D.C.*

COMPLAINT

The Federal Trade Commission, having reason to believe that Design Zone, Inc., a corporation ("respondent"), has violated the provisions of the Textile Fiber Products Identification Act and of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Design Zone, Inc. is a California corporation with its principal office or place of business at 337 South Anderson Street, Los Angeles, California.

2. Respondent has manufactured, assembled, labeled, and offered for sale, sold, and distributed t-shirts and other textile wearing apparel that are sold through retailers to consumers. Such t-shirts and other textile wearing apparel are textile fiber products as the term "textile fiber product" is defined in the Textile Fiber Products Identification Act, 15 U.S.C. 70.

3. The acts and practices of respondent alleged in this complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act.

4. Respondent has sold and distributed, or has caused to be sold and distributed, certain t-shirts manufactured in China. In at least one instance, respondent removed the foreign country-of-origin labels

from these t-shirts and affixed labels containing the statement "Made in USA," or affixed labels to these t-shirts containing the statement "Made in USA" without removing the foreign country-of-origin labels.

5. Through the means described in paragraph four, respondent has represented, expressly or by implication, that respondent's t-shirts referred to in paragraph four were made in the United States.

6. In truth and in fact, the t-shirts referred to in paragraph four were manufactured in a foreign country with foreign component parts. Therefore, the representation set forth in paragraph five was, and is, false or misleading.

7. The acts and practices of respondent as alleged in this complaint in misrepresenting foreign-manufactured t-shirts as made in the United States constitute a violation of the Textile Fiber Products Identification Act and the Commission's Rules and Regulations promulgated thereunder, and constitute unfair or deceptive acts or practices in or affecting commerce, in violation of Section 5(a) of the Federal Trade Commission Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft 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 respondent with violations of the Federal Trade Commission Act and the Textile Fiber Products Identification Act; and the Commission's Rules adopted thereunder; and

The respondent, its attorney, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the draft complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint, or that the facts as alleged in such complaint, other than jurisdictional facts, are true, 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 respondent violated the said Acts, and that a 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 Design Zone, Inc. is a California corporation with its principal office or place of business at 337 South Anderson Street, Los Angeles, California.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

I.

It is ordered, That respondent Design Zone, Inc., a corporation, its successors and assigns and its officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any t-shirt or other item of textile wearing apparel in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, shall not violate any provision of the Textile Fiber Products Identification Act (15 U.S.C. 70) and the Commission's Rules adopted thereunder (16 CFR Part 303), and shall not misrepresent in any manner, directly or by implication, the extent to which any such t-shirt or other item of textile wearing apparel is made in the United States or any other country.

II.

It is further ordered, That respondent Design Zone, Inc. and its successors and assigns shall, for five (5) years after the date of issuance of this order, maintain and upon request make available to the Federal Trade Commission business records demonstrating its compliance with the terms and provisions of this order, including but

not limited to records demonstrating the country of origin of any textile wearing apparel subject to Part I of this order.

III.

It is further ordered, That respondent Design Zone, Inc. and its successors and assigns shall deliver a copy of this order to all current and future principals, officers, directors, and managers, and to all current and future employees, agents, and representatives having responsibilities with respect to the subject matter of this order, and shall secure from each such person a signed and dated statement acknowledging receipt of the order. Respondent shall deliver this order to current personnel within thirty (30) days after the date of service of this order, and to future personnel within thirty (30) days after the person assumes such position or responsibilities.

IV.

It is further ordered, That respondent Design Zone, Inc. and its successors and assigns shall notify the Commission at least thirty (30) days prior to any change in the corporation that may affect compliance obligations arising under this order, including but not limited to a dissolution, assignment, sale merger, or other action that would result in the emergence of a successor corporation; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this order; the proposed filing of a bankruptcy petition; or a change in the corporate name or address. Provided, however, that, with respect to any proposed change in the corporation about which respondent learn less than thirty (30) days prior to the date such action is to take place, respondent shall notify the Commission as soon as is practicable after obtaining such knowledge. All notices required by this Part shall be sent by certified mail to the Associate Director, Division of Enforcement, Bureau of Consumer Protection, Federal Trade Commission, Washington, D.C.

V.

It is further ordered, That respondent Design Zone, Inc. and its successors and assigns shall, within sixty (60) days after service of this order, and at such other times as the Federal Trade Commission may require, file with the Commission a report, in writing, setting forth in detail the manner and form in which it has complied with this order.

VI.

This order will terminate on June 10, 2019, or twenty (20) years from the most recent date that the United States or the Federal Trade Commission files a complaint (with or without an accompanying consent decree) in federal court alleging any violation of the order, whichever comes later; provided, however, that the filing of such a complaint will not affect the duration of:

A. Any Part in this order that terminates in less than twenty (20) years;

B. This order's application to any respondent that is not named as a defendant in such complaint; and

C. This order if such is filed after the order has terminated pursuant to this Part.

Provided, further, that if such complaint is dismissed or a federal court rules that the respondent did not violate any provision of the order, and the dismissal or ruling is either not appealed or upheld on appeal, then the order will terminate according to this Part as though the complaint had never been filed, except that the order will not terminate between the date such complaint is filed and the later of the deadline for appealing such dismissal or ruling and the date such dismissal or ruling is upheld on appeal.

Complaint

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IN THE MATTER OF
AMERICAN COLLEGE FOR ADVANCEMENT IN MEDICINE

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SECS. 5 AND 12 OF THE FEDERAL TRADE COMMISSION ACT

Docket C-3882. Complaint, June 22, 1999--Decision, June 22, 1999

This consent order, among other things, prohibits the American College for Advancement in Medicine, a California-based association of physicians, from representing, in advertising, promotion, sale, or distribution, that chelation therapy is effective treatment for atherosclerosis without possessing and relying upon competent and reliable scientific evidence to support the representation. In addition, the consent order prohibits the respondent from making any representation regarding the efficacy of chelation therapy for any disease of the human circulatory system unless substantiated by competent and reliable scientific evidence.

Participants

For the Commission: *Walter Gross, Dean Graybill and Russell Porter.*

For the respondent: *Elizabeth Guarino and William MacLeod, Collier, Shannon, Rill & Scott, Washington, D.C. and Robert Skitol, Drinker, Biddle & Reath, Washington, D.C.*

COMPLAINT

The Federal Trade Commission, having reason to believe that the American College for Advancement in Medicine ("respondent") has violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent American College for Advancement in Medicine (ACAM) is a California corporation with its principal office or place of business at 23121 Verdugo Drive, Suite 204, Laguna Hills, California. ACAM is a nonprofit professional association comprised principally of physicians who administer traditional and complementary/alternative medical therapies including chelation therapy.

2. Respondent has disseminated to the public brochures and other written materials that constitute advertising under the Federal Trade Commission Act. These materials contain statements about a treatment modality identified as "chelation therapy," which involves the use of "drugs," within the meaning of Sections 12 and 15 of the