

Complaint

60 F.T.C.

IN THE MATTER OF  
VENUS FUR CORPORATION ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE  
FEDERAL TRADE COMMISSION AND THE FUR PRODUCTS LABELING ACTS

*Docket C-93. Complaint, Mar. 13, 1962—Decision, Mar. 13, 1962*

Consent order requiring New York City furriers to cease violating the Fur Products Labeling Act by labeling and invoicing bleached fur products falsely to show that the fur contained therein was natural, failing to show on labels and invoices when fur was artificially colored, and furnishing false guarantees that fur products were not misbranded, falsely invoiced, or falsely advertised.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Fur Products Labeling Act and by virtue of the authority vested in it by said Acts, the Federal Trade Commission having reason to believe that Venus Fur Corporation, a corporation, and Leon Lutzker, Nathan Kimmel, Morris Rosenshine, and George Perlman, 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 Fur Products Labeling 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 Venus Fur Corporation 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 307 Seventh Avenue, New York, N.Y.

Respondents Leon Lutzker, Nathan Kimmel, Morris Rosenshine, and George Perlman are president, treasurer, vice president, and secretary, respectively, of the said corporate respondent and formulate, direct and control the acts, practices and policies of the said corporate respondent. Their office and principal place of business is the same as that of the said corporate respondent.

PAR. 2. Subsequent to the effective date of the Fur Products Labeling Act on August 9, 1952, respondents have been and are now engaged in the introduction into commerce, and in the manufacture for introduction into commerce, and in the sale, advertising and offering for sale, in commerce, and in the transportation and distribution, in commerce, of fur products; and have manufactured for sale, sold, advertised, offered for sale, transported and distributed fur products which

have been made in whole or in part of fur which has been shipped and received in commerce as the terms "commerce", "fur" and "fur product" are defined in the Fur Products Labeling Act.

PAR. 3. Certain of said fur products were misbranded or otherwise falsely or deceptively labeled in that said fur products were labeled to show that the fur contained therein was natural when in fact such fur was bleached, dyed or otherwise artificially colored, in violation of Section 4(1) of the Fur Products Labeling Act.

PAR. 4. Certain of said fur products were misbranded in that they were not labeled as required under the provisions of Section 4(2) of the Fur Products Labeling Act and in the manner and form prescribed by the Rules and Regulations promulgated thereunder.

Among such misbranded fur products, but not limited thereto, were fur products with labels which failed to show that the fur contained in the fur products was bleached, dyed or otherwise artificially colored, when such was the fact.

PAR. 5. Certain of said fur products were falsely and deceptively invoiced in that said fur products were invoiced to show that the fur contained therein was natural when in fact such fur was bleached, dyed or otherwise artificially colored, in violation of Section 5(b) (2) of the Fur Products Labeling Act.

PAR. 6. Certain of said fur products were falsely and deceptively invoiced in that they were not invoiced as required under the provisions of Section 5(b) (1) of the Fur Products Labeling Act and in the manner and form prescribed by the Rules and Regulations promulgated thereunder.

Among such falsely and deceptively invoiced fur products, but not limited thereto, were invoices pertaining to such fur products which failed to disclose that the fur contained in the fur products was bleached, dyed or otherwise artificially colored, when such was the fact.

PAR. 7. The respondents furnished false guaranties that certain of their fur products were not misbranded, falsely invoiced or falsely advertised, when respondents in furnishing such guaranties had reason to believe that the fur products so falsely guaranteed would be introduced, sold, transported or distributed, in commerce, in violation of Section 10(b) of the Fur Products Labeling Act.

PAR. 8. The aforesaid acts and practices of respondents, as herein alleged, are in violation of the Fur Products Labeling Act and the Rules and Regulations promulgated thereunder and constitute unfair and deceptive acts and practices and unfair methods of competition in commerce under the Federal Trade Commission Act.

## DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondents named in the caption hereof with violation of the Federal Trade Commission Act and the Fur Products Labeling Act, and the respondents having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by respondents of all the jurisdictional facts set forth in the complaint to issue herein, 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 set forth in such complaint, and waivers and provisions as required by the Commission's rules; and

The Commission having considered the agreement hereby accepts same, issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent Venus Fur Corporation 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 307 Seventh Avenue, New York, N.Y.

Respondents Leon Lutzker, Nathan Kimmel, Morris Rosenshine, and George Perlman are officers of said corporation and their address is the same as that of said corporation.

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 Venus Fur Corporation, a corporation, and its officers, and Leon Lutzker, Nathan Kimmel, Morris Rosenshine, and George Perlman, individually and as officers of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction, or manufacture for introduction, into commerce, or the sale, advertising or offering for sale, in commerce, or the transportation or distribution in commerce of any fur product; or in connection with the sale, manufacture for sale, advertising, offering for sale, transportation or distribution, of any fur product which has been made in whole or in part of fur which has been shipped and received in commerce as

“commerce”, “fur” and “fur product” are defined in the Fur Products Labeling Act do forthwith cease and desist from:

1. Misbranding fur products by:

A. Representing directly or by implication, on labels that the fur contained in fur products is natural, when such is not the fact.

B. Failing to affix labels to fur products showing in words and figures plainly legible all the information required to be disclosed by each of the subsections of Section 4(2) of the Fur Products Labeling Act.

2. Falsely or deceptively invoicing fur products by:

A. Representing directly or by implication on invoices that the fur contained in fur products is natural, when such is not the fact.

B. Failing to furnish invoices to purchasers of fur products showing all the information required to be disclosed by each of the subsections of Section 5(b)(1) of the Fur Products Labeling Act.

3. Furnishing a false guaranty that any fur product is not misbranded, falsely invoiced or falsely advertised when the respondents have reason to believe that such fur product may be introduced, sold, transported or distributed in commerce.

*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.

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IN THE MATTER OF

MIDWEST FROZEN FOODS, INC., ET AL.

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

*Docket C-94. Complaint, Mar. 13, 1962—Decision, Mar. 13, 1962*

Consent order requiring Gary, Ind., sellers of freezers and food by means of a “freezer-food plan” to cease representing falsely, by their salesmen and otherwise, savings realized by purchasers of their plan; failing to disclose that installment contracts would be sold to others, and failing to complete contracts at the time of a sale and later filling in different terms and conditions from those agreed to.

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 Midwest Frozen

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Foods, Inc., a corporation, Midwest Wholesale Freezer Foods, Inc., a corporation, and Harriet B. Pearlstein, individually and as an officer of said corporations, hereinafter 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 Midwest Frozen Foods, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Indiana with its principal office and place of business located at 4001 West Ridge Road, Gary, Ind.

Respondent Midwest Wholesale Freezer Foods, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Indiana with its principal office and place of business located at 4001 West Ridge Road, Gary, Ind.

Respondent Harriet B. Pearlstein is an officer of said corporations. She participates in the formulation, direction and control of the policies, acts and practices of the said corporate respondents. Her address is the same as that of corporate respondents.

PAR. 2. Respondents are, and for more than one year last past have been, engaged in the offering for sale, sale and distribution of freezers and food by means of a so-called "freezer-food plan".

PAR. 3. Respondents cause the said freezer and food, when sold, to be transported from their places of business in the State of Indiana to purchasers thereof located in other states of the United States. Respondents maintain, and at all times mentioned herein have maintained, a course of trade in said freezers and food in commerce, as "commerce" is defined in the Federal Trade Commission Act. Their volume of business in such commerce is and has been substantial.

PAR. 4. In the course and conduct of their business, at all times mentioned herein, respondents have been in substantial competition, in commerce, with corporations, firms and individuals in the sale of freezers, food and freezer-food plans.

PAR. 5. In the course and conduct of their business, and for the purpose of inducing the purchase of their "freezer-food plan" in commerce, respondents have represented directly or by implication by means of statements or representations made by their salesmen and otherwise:

1. That their salesmen are qualified, by virtue of training or experience, in the field of dietary control, and to determine the food requirements of customers;

2. That the food ordered with the help of their salesmen will be sufficient to last the purchaser for four months;

3. That because purchasers of their freezer-food plan can buy their food from respondents at wholesale prices, such purchasers can purchase their food requirements and a freezer for the same or less money than they have been paying for food alone;

4. That purchasers of respondents' freezer-food plan will save enough money on the purchase of food to pay for a freezer;

5. That installment contracts for the purchase of their freezer-food plan are financed or carried by respondents and will not be sold or discounted to others;

6. That the terms and conditions of the sale are as agreed upon and as disclosed at the time of sale.

PAR. 6. The aforesaid representations were and are false, misleading and deceptive. In truth and in fact:

1. Respondents' salesmen are not qualified in the field of dietary control or to determine the food requirements of customers;

2. The food ordered with the help of respondents' salesmen, at the time of the purchase of respondents' freezer-food plan is seldom sufficient to last the purchaser for four months;

3. The prices charged for food by respondents are not always wholesale prices, nor are respondents' prices so low that purchasers of their freezer-food plan can purchase their food requirements and a freezer for the same or less money than such purchasers have been paying for food alone;

4. Purchasers of respondents' freezer-food plan do not save enough money on the purchase of food to pay for a freezer;

5. Respondents have sold or discounted purchasers' installment contracts to others despite their representations to the contrary, both specifically, and inferentially by reason of their failure to disclose that such contracts will be sold or discounted to others;

6. All of the terms and conditions of sale are not always disclosed at the time of a sale, and in many instances contracts are not completely filled in at the time of a sale and when later filled in and sent to purchasers the terms or conditions thereof are not the same as previously agreed to by the purchasers.

PAR. 7. The use by respondents of the aforesaid false, misleading and deceptive representations has had and now has the capacity and tendency to mislead members of the purchasing public into the erroneous and mistaken belief that said representations were and are true and into the purchase of substantial quantities of respondents' freezer-food plan by reason of said erroneous and mistaken belief.

