IN THE MATTER OF

RICHMOND GARMENT COMPANY, INC., ET AL.

COMPLAINT, FINDINGS, AND ORDERS IN REGARD TO THE ALLEGED VIOLATION OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914, AND OF AN ACT OF CONGRESS APPROVED OCT. 14, 1940

Docket 5858. Complaint, Mar. 12, 1951—Decision, Dec. 24, 1951

Where a corporation and its president, engaged in the introduction into commerce and in the offer, sale, and distribution therein of wood products—

(a) Misbranded certain of said products within the intent and meaning of the Wool Products Labeling Act and the rules and regulations promulgated thereunder in that, labeled "100% wool," they contained no "wool" as there defined, but were composed, exclusive of ornamentation not exceeding 5 percent of their total fiber weight, of "reprocessed wool";

(b) Misbranded said products, thus labeled, in that their constituent fibers and the percentages thereof were not shown on the tags or labels as required by said Act and rules, etc.;

(c) Misbranded certain of said products in that there was not shown on the labels attached thereto the legal name of the manufacturer, or of a person authorized by said Act to affix stamps, tags, labels, etc.;

(d) Misbranded certain of said products in that the constituent fibers of their interlinings and the percentages thereof were not separately set forth and segregated upon tags or labels attached thereto, as required by said Act;

(e) Misbranded certain of said products under said Act in that there were not set forth and segregated upon the labels or tags attached to the linings, which purported to contain wool, reused wool, or reprocessed wool, the constituent fibers and their percentages, exclusive of ornamentation not exceeding 5 percent of their total fiber weight; and,

(f) With intent to violate the provisions of said Act, caused and participated in the removal or mutilation of stamps, tags, labels, and other means of identification which had been affixed to said wool products and purported to contain the information required by said Act;

With the result that said products, when offered and sold by them at their place of business, did not have affixed thereto the stamps, etc., containing the information required by said Act and rules and regulations:

Held, That such acts and practices, under the circumstances set out, were all to the prejudice of the public and in violation of the Wool Products Labeling Act of 1939 and the rules and regulations promulgated thereunder, and constituted unfair and deceptive acts and practices in commerce.

Before *Mr. William L. Pack*, hearing examiner.

Mr. Jesse D. Kash for the Commission.

Shure & Bruder, of New York City, for respondents.

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 Richmond Garment Company, Inc., a corporation, and Sol Rosenbloom, individually and as an officer of said corporation, 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 Richmond Garment Company, Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the Commonwealth of Virginia, with its principal place of business at 11 North Seventh Street in the City of Richmond, Virginia. Respondent Sol Rosenbloom is the President of said corporation, and in such capacity he formulates and executes its policies and practices. His business address is the same as that of said corporation.

PAR. 2. Subsequent to January 1, 1945, respondents have introduced into commerce, and offered for sale, sold, and distributed in commerce, as "commerce" is defined in Wool Products Labeling Act of 1939, wool products, as "wool products" are defined therein.

PAR. 3. Certain of said wool products were misbranded within the intent and meaning of the said Act and the Rules and Regulations promulgated thereunder, in that they were falsely and deceptively labeled with respect to the fibers and the percentages thereof of which they were composed, exclusive of ornamentation not exceeding five percentum of their total fiber weight, as "100% wool," whereas in truth and in fact said products contained no "wool" as the term is defined in said Act, but were composed, exclusive of ornamentation not exceeding five percentum of their total fiber weight, of "reprocessed wool" as the term is defined in said Act. The said wool products so labeled were further misbranded in that their constituent fibers and the percentages thereof were not shown on the tags or labels thereon as required by said Act, in the manner and form required by the said Rules and Regulations, since in truth and in fact said products were composed, exclusive of ornamentation, wholly of "reprocessed wool" as that term is defined in said Act.

Certain of the said wool products were misbranded in that the legal name of the manufacturer thereof or a person required or authorized by said Act to affix stamps, tags, labels, or other means of identification thereto, was not shown on the labels attached thereto as required by said Act and in the manner and form required by said Rules and Regulations, nor was there so shown in lieu thereof a registered identification number as permitted by said Rules and Regulations.

Certain of said wool products were misbranded in that the constituent fibers of their interlinings and the percentages thereof were not separately set forth and segregated as required by said Act, and in the manner and form required by said Rules and Regulations, upon the tags or labels attached thereto.

Certain of said wool products were misbranded in that there were not set forth and segregated upon the labels or tags attached thereto the constituent fibers and their percentages, exclusive of ornamentation not exceeding five percentum of their total fiber weight, of the linings, purporting to contain wool, reused wool, or reprocessed wool, of said products, as required by said Act and in the manner and form required by the rules and regulations promulgated thereunder.

PAR. 4. Certain wool products, when received by respondents at their place of business, had affixed thereto stamps, tags, labels, or other means of identification purporting to contain the information required by the Wool Products Labeling Act of 1939. After said wool products were delivered to the respondents at their said place of business as aforesaid, and before they were offered for sale or sold by respondents to the public, said respondents caused and participated in the removal of some and the mutilation of others of the said stamps, tags, labels, and other means of identification with intent to violate the provisions of the Wool Products Labeling Act of 1939. As a result of respondent's said acts and practices in removing and mutilating said stamps, tags, labels, and other means of identification affixed to said wool products, said wool products, when offered for sale and sold by respondent to the public at their place of business, did not have affixed thereto stamps, tags, labels, or other means of identification containing the information required by said Act and Rules and Regulations.

PAR. 5. The aforesaid acts, practices, and methods of respondents as alleged were and are in violation of Sections 3, 4, and 5 of the Wool Products Labeling Act of 1939 and Rules 2, 3, 13, and 24 of the Rules and Regulations promulgated thereunder and constitute unfair and deceptive acts or practices in commerce within the intent and meaning of the Federal Trade Commission Act.

DECISION OF THE COMMISSION

Pursuant to Rule XXII of the Commission's Rules of Practice, and as set forth in the Commission's "Decision of the Commission and Order to File Report of Compliance", dated December 24, 1951, the initial decision in the instant matter of Hearing Examiner William L. Pack, as set out as follows, became on that date the decision of the Commission.

INITIAL DECISION BY WILLIAM L. PACK, HEARING EXAMINER

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 those Acts, the Federal Trade Commission on March 12, 1951, issued and subsequently served its complaint in this proceeding upon the respondents named in the caption hereof, charging them with the use of unfair and deceptive acts and practices in commerce in violation of the provisions of those Acts. Thereafter, respondents filed an answer in which they admitted all of the material allegations of fact in the complaint and waived all intervening procedure and further hearings as to such facts. Subsequently, the proceeding regularly came on for final consideration by the above named hearing examiner, theretofore duly designated by the Commission, upon the complaint and answer, and the hearing examiner, having duly considered the record herein, finds that this proceeding is in the interest of the public and makes the following findings as to the facts, conclusion drawn therefrom and order:

FINDINGS AS TO THE FACTS

PARAGRAPH 1. Respondent Richmond Garment Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the Commonwealth of Virginia, with its principal place of business at 11 North Seventh Street in the city of Richmond, Virginia. Respondent Sol Rosenbloom is President of the corporation, and in such capacity, formulates and executes its policies and practices.

PAR. 2. Subsequent to January 1, 1945, respondents have introduced into commerce, and offered for sale, sold and distributed in commerce, as "commerce" is defined in the Wool Products Labeling Act of 1939, wool products, as "wool products" are defined therein.

PAR. 3. Certain of such wool products were misbranded within the intent and meaning of said Act and the Rules and Regulations promulgated thereunder, in that they were labeled "100% wool," whereas actually such products contained no "wool" as the term is defined in said Act, but were composed, exclusive of ornamentation not exceeding five percentum of their total fiber weight, of "reprocessed wool" as the term is defined in said Act.

The wool products so labeled were further misbranded in that their constituent fibers and the percentages thereof were not shown on the tags or labels on such products as required by said Act, in the manner and form required by said Rules and Regulations, since, as stated,

such products were composed, exclusive of ornamentation, wholly of "reprocessed wool."

Certain of such wool products were misbranded in that the legal name of the manufacturer thereof, or of a person required or authorized by said Act to affix stamps, tags, labels or other means of identification to such products, was not shown on the labels attached thereto as required by said Act and in the manner and form required by said Rules and Regulations, nor was there so shown in lieu thereof a registered identification number as permitted by said Rules and Regulations.

Certain of such wool products were misbranded in that the constituent fibers of their interlinings and the percentages thereof were not separately set forth and segregated as required by said Act, and in the manner and form required by said Rules and Regulations, upon the tags or labels attached to such products.

Certain of such wool products were misbranded in that there were not set forth and segregated upon the labels or tags attached thereto the constituent fibers and their percentages, exclusive of ornamentation not exceeding five percentum of their total fiber weight, of the linings of such products, which linings purported to contain wool, reused wool or reprocessed wool, as required by said Act and in the manner and form required by said Rules and Regulations.

PAR. 4. Certain wool products, when received by respondents at their place of business, had affixed thereto stamps, tags, labels, or other means of identification purporting to contain the information required by the Wool Products Labeling Act of 1939. However, before such products were offered for sale and sold by respondents to the public, respondents caused and participated in the removal of some and the mutilation of others of said stamps, tags, labels, and other means of identification, with intent to violate the provisions of said Act. As a result of respondents' acts, such products, when offered for sale and sold to the public by respondents at their place of business, did not have affixed thereto stamps, tags, labels, or other means of identification containing the information required by said Act and Rules and Regulations.

CONCLUSION

The acts and practices of respondents, as hereinabove set out, are all to the prejudice of the public and are in violation of the Wool Products Labeling Act of 1939 and the Rules and Regulations promulgated thereunder, and constitute unfair and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act.

ORDER

It is ordered, That the respondents, Richmond Garment Company, Inc., a corporation, and its officers, and Sol Rosenbloom, individually and as an officer of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the introduction into commerce or the offering for sale, sale, or distribution in commerce, as "commerce" is defined in the aforesaid Acts, of wool products, as such products are defined in and subject to the Wool Products Labeling Act of 1939, which products contain, purport to contain, or in any way are represented as containing "wool," "reprocessed wool," or "reused wool," as those terms are defined in said Act, do forthwith cease and desist from misbranding such products:

1. By using the unqualified word "wool" to designate or describe the constituent fibers of any product, when such fibers are not in fact wool as defined in the Wool Products Labeling Act of 1939.

2. By failing to affix securely to or place on such products a stamp, tag, label or other means of identification showing in a clear and conspicuous manner:

(a) The percentage of the total fiber weight of such wool product, exclusive of ornamentation not exceeding five per centum of said total fiber weight, of (1) wool, (2) reprocessed wool, (3) reused wool, (4) each fiber other than wool where said percentage by weight of such fiber is five per centum or more, and (5) the aggregate of all other fibers.

(b) The maximum percentage of the total weight of such wool product of any nonfibrous loading, filling, or adulterating matter.

(c) The name or the registered identification number of the manufacturer of such wool product, or of one or more persons engaged in introducing such wool product into commerce or in the offering for sale, sale, or distribution thereof in commerce, as "commerce" is defined in the Federal Trade Commission Act and the Wool Products Labeling Act of 1939.

(d) The constituent fibers of interlining of such wool products, separately set forth on said identifying marks or labels attached thereto.

(e) The constituent fibers, with percentages thereof, of the linings of such wool products, separately set forth on such identifying marks or labels attached to such wool products, where such linings purport to contain wool, reused wool, or reprocessed wool.

Provided, That the foregoing provisions concerning misbranding shall not be construed to prohibit acts permitted by paragraphs (a)

and (b) of section 3 of the Wool Products Labeling Act of 1939; *and provided further*, that nothing contained in this order shall be construed as limiting any applicable provisions of said Act or the Rules and Regulations promulgated thereunder.

It is further ordered, That said respondents and their officers, representatives, agents, and employees, as aforesaid, directly or through any corporate or other device, in connection with the purchase, offering for sale, sale, or distribution of "wool products" as such products are defined in and subject to the Wool Products Labeling Act of 1939, do forthwith cease and desist from causing or participating in the removal or mutilation of any stamp, tag, label, or other means of identification affixed to any such "wool product" pursuant to the Wool Products Labeling Act of 1939, with intent to violate the provisions of said Act, and which stamp, tag, label, or other means of identification purports to contain all or any part of the information required by said Act.

ORDER TO FILE REPORT OF COMPLIANCE

It is 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 the order to cease and desist [as required by said declaratory decision and order of December 24, 1951].

Complaint

IN THE MATTER OF

LLOYDS SPORTSWEAR COMPANY, INC., ET AL.

COMPLAINT, FINDINGS, AND ORDERS IN REGARD TO THE ALLEGED VIOLATION OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914, AND OF AN ACT OF CONGRESS APPROVED OCT. 14, 1940

Docket 5862. Complaint, Mar. 26, 1951—Decision, Dec. 29, 1951

Where a corporation and its two officers, engaged in the manufacture, and sale and distribution in commerce, of wool products as defined in the Wool Products Labeling Act—

(a) Misbranded certain ladies' skirts within the intent and meaning of said Act and the Rules and Regulations promulgated thereunder in that, tagged or labeled as "50% wool 50% rayon" the aggregate of the woolen fibers constituted less than 50 percent of said skirts, and they contained more than 50 percent of rayon; and

(b) Misbranded said products further in that the labels affixed thereto did not show the aggregate of all other fibers, each of which constituted less than 5 percent of the total fiber weight:

Held, That such acts and practices, under the circumstances set forth, were in violation of Sections 3 and 4 of the Wool Products Labeling Act of 1939, and the rules and regulations promulgated thereunder, and constituted unfair and deceptive acts and practices.

In said proceeding while the hearing examiner, in arriving at the foregoing conclusion, gave full consideration to the protestations and explanations of respondents concerning their reputation and standing in the trade as manufacturers of clothing in large volume: that for upwards of twenty years they and their predecessors in interest had enjoyed an enviable record for honesty and integrity; and that the respondents could have made no material gain by substituting one fabric for the other; such matters, nevertheless, were not of sufficient cogency to warrant action other than the cease and desist order included in the decision.

Before *Mr. James A. Purcell*, hearing examiner.
Mr. Russell T. Porter for the Commission.
Mr. David Leavenworth, of New York City, for respondents.

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 Lloyds Sportswear Company, Inc., a corporation, and Isaac N. Hazan and Max Orlinsky, individually and as officers of Lloyds Sportswear Company, Inc., hereinafter referred to as respondents, have violated the provisions of said Acts

and 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. Respondents, Lloyds Sportswear Company, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of New York State, with its office and principal place of business located at 224 West 35th Street, New York, N. Y.

PAR. 2. Subsequent to February 1, 1950, respondents manufactured for introduction into commerce, introduced into commerce, offered for sale in commerce and sold and distributed in commerce as "commerce" is defined in the Wool Products Labeling Act of 1939, wool products as "wool products" are defined therein. The said wool products included ladies' skirts which were made by respondents from a fabric designated as "Parker-Wilder 1121," purchased from Strand Woolen Co.

PAR. 3. Upon the labels affixed to the said skirts appeared the following:

Lloyds Sportswear Co.
Style 835
WPL–6007
50% Wool
50% Rayon
Size 24.

PAR. 4. The said skirts were misbranded within the intent and meaning of the said Act and the Rules and Regulations thereunder, in that they were falsely and deceptively labeled with respect to the character and amount of their constitutent fibers. In truth and in fact, the said skirts were not 50% wool as "wool" is defined in the said Act. The aggregate of the woolen fibers therein constituted less than 50% of the said skirts and they contained more than 50% rayon. The said articles were further misbranded in that the labels affixed thereto did not show the aggregate of all other fibers, each of which constituted less than five percentum of the total fiber weight.

PAR. 5. The person by whom the piece goods, from which said skirts were made by respondents, were manufactured for introduction into commerce affixed thereto labels and tags as required by said Act containing information with respect to its fiber content as follows:

20% Wool
30% Reprocessed Wool
50% Rayon.

Respondents have further violated the provisions of the Wool Products Labeling Act of 1939 by substituting for said tags and affixing

to the said skirts tags and labels containing information set forth in Paragraph Three herein with respect to the content thereof which was not identical with the information with respect to such content upon the tags and labels as affixed to the wool product from which said skirts were made by the person by whom it was manufactured for introduction into commerce.

PAR. 6. The aforesaid acts and practices of respondents as herein alleged were in violation of the Wool Products Labeling Act of 1939 and the Rules and Regulations promulgated thereunder, and constituted unfair and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act.

DECISION OF THE COMMISSION

Pursuant to Rule XXII of the Commission's Rules of Practice, and as set forth in the Commission's "Decision of the Commission and Order to File Report of Compliance", dated December 29, 1951, the initial decision in the instant matter of Hearing Examiner James A. Purcell, as set out as follows, became on that date the decision of the Commission.

INITIAL DECISION BY JAMES A. PURCELL, HEARING EXAMINER

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 on March 26, 1951, issued and subsequently served its complaint in this proceeding upon the respondents, Lloyds Sportswear Company, Inc., a corporation, and Isaac N. Hazen and Max Orlinsky, individually and as officers of the Lloyds Sportswear Company, Inc., charging said respondents with the use of unfair and deceptive acts and practices in commerce in violation of said Acts. On April 6, 1951, respondents filed their joint answer denying certain charges of the complaint and pleading insufficient knowledge or information to form a belief as to the truth or falsity of the other charges of the complaint.

No hearings have been held for the reception of testimony or evidence.

Under date of May 11, 1951, respondents through their counsel, and the attorney in support of the complaint, entered into a "Stipulation as to the Facts," stating that respondents are desirous of expediting this proceeding and avoiding the expense incident to the taking of testimony; also that the facts set forth in the stipulation may be taken as the facts in this proceeding in lieu of evidence in support of the charges stated in the complaint or in opposition thereto, and that

the Hearing Examiner may proceed thereon with the making of his Initial Decision stating his findings as to the facts, inferences which he may draw therefrom, his conclusion based thereon and enter his order disposing of the proceeding.

Thereafter, the proceeding regularly came on for final consideration by the above-named Hearing Examiner theretofore duly designated by the Commission upon said complaint and the aforesaid "Stipulation as to the Facts"; and said Hearing Examiner, having duly considered the record herein, finds that this proceeding is in the interest of the public and makes the following findings as to the facts, conclusions drawn therefrom, and order:

FINDINGS AS TO THE FACTS

PARAGRAPH 1. Respondent Lloyd Sportswear Company, Inc., (erroneously designated in the complaint as "Lloyds Sportswear Company, 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 No. 224 West 35th Street, New York, New York; that respondents Isaac N. Hazan and Max Orlinsky are respectively, President and Secretary of Lloyd Sportswear Company, Inc., and as such are in control of its operation; that said corporation is, in fact, the instrumentality through which respondents Hazan and Orlinsky conduct their business.

PAR. 2. Subsequent to February 1, 1950, respondents manufactured for introduction into commerce, introduced into commerce, offered for sale in commerce and sold and distributed in commerce, as "commerce" is defined in the Wool Products Labeling Act of 1939, wool products as "wool products" are defined therein. The said wool products included ladies' skirts which were made by respondents from a fabric designated as "Parker-Wilder 1121" purchased from Strand Woolen Co.

PAR. 3. Upon the tags or labels affixed to the said skirts the following information or declaration as to fiber content of said skirts appeared:

50% wool
50% rayon

PAR. 4. The said skirts were misbranded within the intent and meaning of said Wool Products Labeling Act of 1939, and the Rules and Regulations promulgated thereunder, in that they were falsely and deceptively labeled with respect to the character and amount of their constituent fibers. In truth and in fact the said skirts were not 50% wool, as "wool" is defined in said Act; the aggregate of the

woolen fibers therein constituted less than 50% of the said skirts and they contained more than 50% of rayon. Said articles were further misbranded in that the labels affixed thereto did not show the aggregate of all other fibers, each of which constituted less than five percentum of the total fiber weight.

CONCLUSIONS

The aforesaid acts and practices and methods of respondents as found were and are in violation of Sections 3 and 4 of the Wool Products Labeling Act of 1939 and of the Rules and Regulations promulgated thereunder and constitute unfair and deceptive acts and practices in commerce within the intent and meaning of the Federal Trade Commission Act.

In arriving at the foregoing conclusion the Hearing Examiner has given full consideration to the protestations and explanations of respondents concerning their reputation and standing in the trade as manufacturers of clothing in large volume; that for upwards of twenty years they and their predecessors in interest have enjoyed an enviable record for honesty and integrity and that the respondents "could have (made) no material gain by substituting one fabric for the other." Giving all possible weight to the foregoing the fact remains that none are of sufficient cogency to warrant action other than issuance of the following:

ORDER

It is ordered, That the respondents Lloyd Sportswear Company, Inc., a corporation, and Isaac N. Hazan and Max Orlinsky as officers of said Lloyd Sportswear Company, Inc., and also in their individual capacities, their respective 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, transportation or distribution in commerce, as "commerce" is defined in the aforesaid Acts, of ladies' skirts or other wool products, as such products are defined in and subject to the Wool Products Labeling Act of 1939, which products contain, purport to contain or in any way are represented as containing "wool," "reprocessed wool" or "reused wool," as those terms are defined in said Act, do forthwith cease and desist from misbranding such products:

1. By falsely and deceptively stamping, tagging, labeling or otherwise identifying such products;

2. By failing to securely affix to or place on such products a stamp, tag, label or other means of identification showing in a clear and conspicuous manner:

(a) The percentage of the total fiber weight of such wool products, exclusive of ornamentation not exceeding five per centum of said total fiber weight, of (1) wool, (2) reprocessed wool, (3) reused wool, (4) each fiber other than wool where said percentage by weight of such fiber is five per centum or more, and, (5) the aggregate of all other fibers.

(b) The maximum percentage of the total weight of such wool products of any nonfibrous loading, filling, or adulterating matter.

(c) The name or the registered identification number of the manufacturer of such wool products or of one or more persons engaged in introducing such wool products into commerce, or in the offering for sale, sale, transportation, or distribution thereof in commerce, as "commerce" is defined in the Federal Trade Commission Act and in the Wool Products Labeling Act of 1939.

Provided, That the foregoing provisions concerning misbranding shall not be construed to prohibit acts permitted by paragraphs (a) and (b) of section 3 of the Wool Products Labeling Act of 1939; and provided further, that nothing contained in this order shall be construed as limiting any applicable provisions of said Act or the Rules and Regulations promulgated thereunder.

ORDER TO FILE REPORT OF COMPLIANCE

It is 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 the order to cease and desist [as required by said declaratory decision and order of December 29, 1951].

Syllabus

IN THE MATTER OF

REGAL COLLECTION SERVICE, INC., ET AL.

COMPLAINT, FINDINGS, AND ORDERS IN REGARD TO THE ALLEGED VIOLATION OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914

Docket 5919. Complaint, Aug. 20, 1951—Decision, Dec. 31, 1951

Where a corporation and two officers thereof, engaged in collecting account for others and in the interstate sale and distribution of reply post cards for obtaining information concerning delinquent debtors; in carrying on their said business under a plan whereby said cards, addressed to a debtor or his acquaintance, were sent by them, for mailing and return of replies to their agent at Washington, D. C.—

(a) Falsely represented that they were engaged in conducting an employment agency or office or in compiling business or labor statistics and that the information requested was for such purposes, through use of the name "Employers Clearing House" on such cards, together with a Washington address and a request that the recipient answer and return the attached questionnaire, in which provision was made for supplying the current address of debtors and the names and addresses of their employers, and upon one side of which there was printed a box of figures similar to the arrangement on cards used for statistical purposes;

(b) Falsely represented or implied, through mailing said cards from Washington and provision of a return address in said city, that the so-called "Employers Clearing House" was in some manner connected with the United States Government; and,

(c) Placed in the hands of others, through supplying such cards and forms, the means of misrepresenting that they or their customers were engaged in operating an employment agency, or compiling labor or business statistics, and that the information was sought by or on behalf of some Government agency;

The facts being that such representations and their implications were false and misleading; and their business and sole purpose in sending such cards was to gain information by subterfuge in connection with the collection of accounts;

With tendency and capacity to mislead and deceive many persons to whom such cards were sent, into the erroneous belief that said representations were true, and to induce them to give information which they otherwise would not supply; and with the effect of placing in the hands of purchasers thereof a means for obtaining information concerning their debtors by subterfuge:

Held, That such acts and practices, under the circumstances set forth, were all to the prejudice of the public and constituted unfair and deceptive acts and practices in commerce.

Before *Mr. William L. Pack*, hearing examiner.

Mr. J. W. Brookfield, Jr. for the Commission.