

sion a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

It is further ordered, That the initial decision, as modified, be, and it hereby is, adopted as the decision of the Commission.

IN THE MATTER OF

FHA MOBILE HOME BROKERS, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION AND TRUTH IN LENDING ACTS

Docket C-2324. Complaint, Nov. 30, 1972—Decision, Nov. 30, 1972

Consent order requiring a Hixson, Tennessee, retailer and distributor of mobile homes, among other things to cease violating the Truth in Lending Act by failing to disclose to consumers, in connection with the extension of consumer credit, such information as required by Regulation Z of the said Act.

COMPLAINT

Pursuant to the provisions of the Truth in Lending Act and the implementing regulation promulgated thereunder, and the Federal Trade Commission Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that FHA Mobile Home Brokers, Inc., a corporation and K. L. Ficken, James R. Whisnant, and James L. Stanley, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of said Acts and implementing regulation, 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 FHA Mobile Home Brokers, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Tennessee, with its principal office and place of business located at 5749 Highway 153, Hixson, Tennessee.

Respondents K. L. Ficken, James R. Whisnant, and James L. Stanley are officers of the corporate respondent. They formulate, direct and control the policy, acts and practices of the corporation, including the acts and practices hereinafter set forth. Their address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been engaged in the advertising, offering for sale and retail sale and distribution of mobile homes to the public.

PAR. 3. In the ordinary course of their business as aforesaid, respondents regularly extend consumer credit, as "consumer credit" is defined in Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, in the ordinary course of their business as aforesaid, and in connection with their credit sales, as "credit sale" is defined in Regulation Z, respondents have caused and are causing their customers to enter into contracts for the sale of respondents' goods and services. On these contracts, hereinafter referred to as "the contract," respondents provide certain consumer credit cost information. Respondents do not provide these customers with any other consumer credit cost disclosures.

By and through use of the contract, respondents:

1. Fail to exclude from the "amount financed" and to include in the "finance charge" the cost of the credit investigation required by the respondents in connection with the credit sale, as required by Section 226.4(a)(4) of Regulation Z.

2. Fail to disclose the "annual percentage rate" accurately to the nearest quarter of one percent, in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.

3. Include the charge for credit life insurance in the "amount financed" and fail, in certain instances, to secure a separately signed and dated credit life insurance authorization, as required by Section 226.4(a)(5) of Regulation Z.

PAR. 5. In the ordinary course of their business as aforesaid, respondents cause to be published advertisements of their goods and services, as "advertisement" is defined in Regulation Z. These advertisements aid, promote, or assist directly or indirectly extensions of consumer credit in connection with the sale of these goods and services. By and through the use of the advertisements, respondents:

1. State the rate of finance charge without describing that rate as an "annual percentage rate," in violation of Section 226.10(d)(1) of Regulation Z.

2. State the amount of the downpayment required and the amount of monthly installment payments which can be arranged in connection with a consumer credit transaction, without also stating all of the following items, in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10(d)(2) thereof:

- (i) The cash price;
- (ii) The amount of the downpayment required or that no downpayment is required, as applicable;

(iii) The number, amount, and due dates or period of payments scheduled to repay the indebtedness if the credit is extended.

(iv) The amount of the finance charge expressed as an annual percentage rate; and

(v) The deferred payment price.

PAR. 6. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and pursuant to Section 108 thereof, respondents have thereby violated 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 a draft of complaint which the Atlanta 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 Truth in Lending Act and the implementing regulation promulgated thereunder, and the Federal Trade Commission 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 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 thirty (30) days, now in further conformity with the procedure prescribed in Section 2.34(b) of the rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent FHA Mobile Home Brokers, Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Tennessee, with its office and principal place of business located at 5749 Highway 153, Hixson, Tennessee.

Respondents K. L. Ficken, James R. Whisnant and James L. Stanley are individuals and are corporate officers of FHA Mobile Home

Brokers, Inc. They direct, formulate, and control the acts and practices of the respondent corporation including the acts and practices under investigation.

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 FHA Mobile Home Brokers, Inc., a corporation, its successors and assigns, and its officers, and K. L. Ficken, James R. Whisnant and James L. Stanley, individually and as officers of said corporation and respondents' agents, representatives and employees, directly or through any corporate, subsidiary, division or other device in connection with any extension of consumer credit or advertisement to aid, promote or assist directly or indirectly any extension of consumer credit, as "consumer credit" and "advertisement" are defined in Regulation Z (12 C.F.R. § 226) of the Truth in Lending Act (Pub. L. 90-321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Failing to exclude from the "amount financed" and to include in the "finance charge" the cost of the credit investigation required by the respondents in connection with the credit sale, as required by Section 226.4 (a) (4) of Regulation Z.

2. Failing to disclose the "annual percentage rate" accurately to the nearest quarter of one percent, in accordance with Section 226.5 of Regulation Z, as required by Section 226.8 (b) (2) of Regulation Z.

3. Failing, in any credit transaction in which the charge for credit life insurance is included in the "amount financed," to secure a signed and dated credit life insurance authorization, as required by Section 226.4 (a) (5) of Regulation Z.

4. Stating, in any advertisement, the rate of any finance charge unless respondents state the rate of that charge expressed as an "annual percentage rate," as required by Section 226.10 (d) (1) of Regulation Z.

5. Stating, in any advertisement, the amount of the downpayment required and the amount of monthly installment payments which can be arranged in connection with a consumer credit transaction, without also stating all of the following items, in terminology prescribed under Section 226.8 of Regulation Z, as required by Section 226.10 (d) (2) thereof:

(i) The cash price;

(ii) The amount of the downpayment required or that no downpayment is required, as applicable;

(iii) The number, amount, and due dates or period of payments scheduled to repay the indebtedness if the credit is extended.

(iv) The amount of the finance charge expressed as an annual percentage rate; and

(v) The deferred payment price.

6. Failing, in any consumer credit transaction or advertisement, to make all disclosures, determined in accordance with Sections 226.4 and 226.5 of Regulation Z, in the manner, form and amount required by Sections 226.6, 226.8 and 226.10 of Regulation Z.

It is further ordered, That respondents deliver a copy of this order to cease and desist to all present and future personnel of respondents engaged in the consummation of any extension of consumer credit or in any aspect of preparation, creation, or placing of advertising, 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 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 respondents 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

COLMAN & RIDDELL, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE
FEDERAL TRADE COMMISSION AND THE TRUTH IN LENDING ACTS

Docket C-2325. Complaint, Nov. 30, 1972—Decision Nov. 30, 1972

Consent order requiring three Seattle, Washington, real estate agents, among other things to cease violating the Truth in Lending Act by failing to disclose to consumers, in connection with the extension of consumer credit, such information as required by Regulation Z of the said Act.

Complaint

81 F.T.C.

COMPLAINT

Pursuant to the provisions of the Truth in Lending Act and the implementing regulation promulgated thereunder and the Federal Trade Commission Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Colman & Riddell, Inc., Cape George Village, Inc., corporations, and Birch Bay Investors, a limited partnership, and Howard G. Riddell and V. Keith Colman, individually, as officers of said corporations, and as general partners in Birch Bay Investors, hereinafter referred to as respondents, have violated the provisions of said Acts and implementing regulation, 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 Colman & Riddell, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Washington with its office and principal place of business located at 333 Taylor North, Suite 201, Seattle, Washington.

Cape George Village, Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Washington with its office and principal place of business located at 333 Taylor North, Suite 201, Seattle, Washington.

Birch Bay Investors is a limited partnership existing and doing business in the State of Washington. Its office and principal place of business is located at 333 Taylor North, Suite 201, Seattle, Washington.

Respondents Howard G. Riddell and V. Keith Colman are officers of the corporate respondents and are the only general partners in the respondent partnership Birch Bay Investors. They jointly formulate, direct and control the policies, acts and practices of the corporate respondents and the respondent partnership, including the acts and practices hereinafter set forth. Their address is the same as that of the corporate respondent.

PAR. 2. Respondents are now, and for some time last past have been engaged in the sale to the public of parcels of land located within land developments and the advertising of same in various media.

PAR. 3. In the ordinary course of their business as aforesaid, respondents Colman & Riddell, Inc., Howard G. Riddell, and V. Keith Colman arrange and have arranged for the extension of consumer credit, as "consumer credit" and "arrange for the extension of consumer credit" are defined in Regulation Z, the implementing regula-

tion of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

In the ordinary course of their business as aforesaid, respondents Cape George Village, Inc., Birch Bay Investors, Howard G. Riddell, and V. Keith Colman regularly extend and have extended consumer credit, as "consumer credit" is defined in Regulation Z, the implementing regulation of the Truth in Lending Act, duly promulgated by the Board of Governors of the Federal Reserve System.

PAR. 4. Subsequent to July 1, 1969, in the ordinary course of their business as aforesaid, and in connection with credit sales, as "credit sales" is defined in Regulation Z, respondents Colman & Riddell, Inc., Howard G. Riddell, and V. Keith Colman have provided and are offering to provide consumer credit which is or will be extended by another person, as "person" is defined in Section 226.2(v) of Regulation Z, through the consummation of credit sale contracts for the sale of parcels of land. During the same period of time and in the ordinary course of their business as aforesaid, and in connection with credit sales, as "credit sale" is defined in Regulation Z, respondents Cape George Village, Inc., Birch Bay Investors, Howard G. Riddell, and V. Keith Colman have entered into and are entering into credit sale contracts for the sale of parcels of land. On the contracts referred to hereinabove in this paragraph, hereinafter referred to as "the contract," respondents have provided certain limited consumer credit cost information, but have not provided the credit buyers with substantially all of the disclosures required by Sections 226.6 and 226.8 of Regulation Z. More particularly, respondents have:

1. Failed in credit sales to disclose accurately the price at which respondents, in the regular course of business, offered to sell for cash the said parcels of land which were the subject of the credit sale and to use the term "cash price" to describe that price, as required by Section 226.8(c) (1) of Regulation Z.

2. Failed to use the term "cash downpayment" to describe the downpayment in money made in connection with the credit sale, as required by Section 226.8(c) (2) of Regulation Z.

3. Failed to disclose the difference between the "cash price" and the downpayment and to use the term "unpaid balance of cash price" to describe that amount as required by Section 226.8(c) (3) of Regulation Z.

4. Failed to disclose the amount of credit extended, and to describe that amount as the "amount financed" as required by Section 226.8(c) (7) of Regulation Z.

5. Failed to disclose the sum of all charges which are required by Section 226.4 of Regulation Z to be included in the finance charge

and to use the term "finance charge" to describe that sum, as required by Section 226.8(c)(8)(i) of Regulation Z.

6. Failed to disclose the sum of the cash price, all charges which are included in the amount financed but which are not part of the finance charge, and the finance charge, and to describe that sum as the "deferred payment price," as required by Section 226.8(c)(8)(ii) of Regulation Z.

7. Failed to disclose the "annual percentage rate," computed in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.

8. Failed to disclose the number of payments required to repay the indebtedness, as required by Section 226.8(b)(3) of Regulation Z.

9. Failed to disclose the sum of the payments scheduled to repay the indebtedness, and to describe that sum as the "total of payments," as required by Section 226.8(b)(3) of Regulation Z.

PAR. 5. Pursuant to Section 103(q) of the Truth in Lending Act, respondents' aforesaid failures to comply with the provisions of Regulation Z constitute violations of that Act and, pursuant to Section 108 thereof, respondents have thereby violated the Federal Trade Commission Act.

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondents named in the caption hereto with violation of the Truth in Lending Act and the implementing regulation promulgated thereunder, and the Federal Trade Commission 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 the 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 alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having considered the agreement and having provisionally accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues

its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent Colman & Riddell, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the state of Washington, with its office and principal place of business located at 333 Taylor North, Seattle, Washington.

Respondent Cape George Village, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the state of Washington, with its office and principal place of business located at 333 Taylor North, Seattle, Washington.

Respondent Birch Bay Investors is a limited partnership organized, existing and doing business under and by virtue of the laws of the state of Washington, with its office and principal place of business located at 333 Taylor North, Seattle, Washington.

Respondents Howard G. Riddell and V. Keith Colman are officers of said corporations and are general partners in the above limited partnership. They formulate, direct and control the policies, acts and practices of said corporations and the said limited partnership, and their principal office and place of business is located at the above stated address.

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, Colman & Riddell, Inc., a corporation, Cape George Village, Inc., a corporation, and their officers, and Birch Bay Investors, a limited partnership, and their successors and assigns, and Howard G. Riddell and V. Keith Colman, individually, as officers of the above corporations, and as general partners in Birch Bay Investors, and respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with any extension of consumer credit, or advertisement to aid, promote or assist directly or indirectly any extension of consumer credit, as "consumer credit," and "advertisement" are defined in Regulation Z (12 C.F.R. § 226) of the Truth in Lending Act (Pub. L. 90-321, 15 U.S.C. 1601 *et seq.*), do forthwith cease and desist from:

1. Failing to disclose accurately the price at which the subject of any credit sale is offered for sale for cash in the regular course of business and to use the term "cash price" to describe that price as required by Section 226.8(c)(1) of Regulation Z.

2. Failing to use the term "cash downpayment" to describe the downpayment in money made in connection with the credit sale, as required by Section 226.8(c)(2) of Regulation Z.

3. Failing to disclose the difference between the "cash price" and the downpayment and to use the term "unpaid balance of cash price" to describe that amount as required by Section 226.8(c)(3) of Regulation Z.

4. Failing to disclose the amount of credit extended, and to describe that amount as the "amount financed" as required by Section 226.8(c)(7) of Regulation Z.

5. Failing to disclose the sum of all charges which are required by Section 226.4 of Regulation Z to be included in the finance charge and to use the term "finance charge" to describe that sum, as required by Section 226.8(c)(8)(i) of Regulation Z.

6. Failing to disclose the sum of the cash price, all charges which are included in the amount financed but which are not part of the finance charge, and the finance charge and to describe that sum as the "deferred payment price," as required by Section 226.8(c)(8)(ii) of Regulation Z.

7. Failing to disclose the "annual percentage rate," computed in accordance with Section 226.5 of Regulation Z, as required by Section 226.8(b)(2) of Regulation Z.

8. Failing to disclose the number of payments required to repay an indebtedness, as required by Section 226.8(b)(3) of Regulation Z.

9. Failing to disclose the sum of payments scheduled to repay the indebtedness, and to describe that sum as the "total of payments," as required by Section 226.8(b)(3) of Regulation Z.

10. Failing to prominently display no less than two signs on the premises of each sales office which will clearly and conspicuously state that a customer must receive a complete copy of the consumer credit cost disclosures, as required by the Truth in Lending Act, in any transaction which is financed, before the transaction is consummated.

11. Failing in any consumer credit transaction or advertising to make all disclosures determined in accordance with Sections 226.4 and 226.5 of Regulation Z, at the time and in the manner, form, and amount required by Sections 226.6, 226.8 and 226.10 of Regulation Z; and to give all notices of the right to rescind at the time and in the manner and form required by Section 226.9 of Regulation Z.

It is further ordered, That respondents deliver a copy of this order to cease and desist to each operating division and to all present and

future personnel of respondents engaged in the consummation of any extension of consumer credit, 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 respondents named herein promptly notify the Commission of the discontinuance of their present business or employment and of their affiliation with a new business or employment. Such notice shall include respondents' current business address and a statement as to the nature of the business or employment in which they are engaged as well as a description of their 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

HOWARD CARPET MILLS, INC., ET AL.

ORDER, ETC., IN REGARD TO THE ALLEGED VIOLATION OF THE FEDERAL TRADE COMMISSION AND THE FLAMMABLE FABRICS ACTS

Docket 8894. Complaint, July 10, 1972—Decision, Dec. 1, 1972

Order requiring a New York City manufacturer of carpets, among other things to cease marketing dangerously flammable products.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Flammable Fabrics Act, as amended, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Howard Carpet Mills, Inc., a corporation, and Howard S. Stein, individually and as an officer of the said corporation, hereinafter referred to as respondents, have violated the provisions of the said Acts and the rules and regulations promulgated under the Flammable Fabrics Act, as amended, 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 Howard Carpet Mills, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York. Respondent Howard S. Stein, is an officer of the said corporate respondent. He formulates, directs, and controls the acts, practices, and policies of the said corporation.

Respondents are engaged in the manufacture and sale of carpets and rugs, with their manufacturing facilities located at 105 Easterling Street, Dalton, Georgia and principal place of business located at 919 Third Avenue, New York, New York.

PAR. 2. Respondents are now and for some time last past have been engaged in the manufacturing for sale, sale and offering for sale, in commerce, and have introduced, delivered for introduction, transported and caused to be transported in commerce, and have sold or delivered after sale or shipment in commerce, products, as the terms "commerce" and "products," are defined in the Flammable Fabrics Act, as amended, which products fail to conform to an applicable standard or regulation continued in effect, issued or amended under the provisions of the Flammable Fabrics Act, as amended.

Among such products mentioned hereinabove was carpeting designated by the style "Premier."

PAR. 3. The aforesaid acts and practices of respondents were and are in violation of the Flammable Fabrics Act, as amended, and the rules and regulations promulgated thereunder, and as such 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.

Mr. Frank W. Vanderheyden supporting the complaint.

Mr. Charles F. Mintz, Krisel, Lessal, Mintz & Dowling, New York, New York for respondents.

INITIAL DECISION BY DAVID H. ALLARD, ADMINISTRATIVE LAW JUDGE

OCT. 16, 1972

PRELIMINARY STATEMENT

This proceeding was commenced by the issuance of a complaint on July 10, 1972, charging the corporate respondent, Howard Carpet Mills, Inc., and Howard S. Stein, individually and as an officer of Howard Carpet Mills, Inc., with violating the Flammable Fabrics Act and the Federal Trade Commission Act as amended.

901

Initial Decision

Respondent Howard Carpet Mills, Inc., admits the allegations of fact set forth in the complaint. The sole issue in controversy is whether the named individual respondent, Howard S. Stein, should be embraced within the order. Briefs on this point were filed by the parties on October 6, 1972. However, the matter essentially is being handled under the provisions of Section 3.12(2) of the Commission's Rules of Practice.

FINDINGS

1. Respondent Howard Carpet Mills, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York.

2. Respondent Howard S. Stein, is an officer of the said corporate respondent. He formulates, directs, and controls the acts, practices, and policies of the said corporation.

3. Respondents are engaged in the manufacture and sale of carpets and rugs, with their manufacturing facilities located at 105 Easterling Street, Dalton, Georgia and principal place of business located at 919 Third Avenue, New York, New York.

4. Respondent Howard Carpet Mills, Inc., has not engaged in any purchases, sales or manufacture of any of the materials here assailed since the time it was so advised by the Federal Trade Commission of the violations of the Flammable Fabrics Act.¹

5. Respondents are now and for some time last past have been engaged in the manufacturing for sale, sale and offering for sale, in commerce, and have introduced, delivered for introduction, transported and caused to be transported in commerce, and have sold or delivered after sale or shipment in commerce, products, as the terms "commerce" and "product," are defined in the Flammable Fabrics Act, as amended, which products fail to conform to an applicable standard or regulation continued in effect, issued or amended under the provisions of the Flammable Fabrics Act, as amended.

Among such products mentioned hereinabove was carpeting designated by the style "Premier."

CONCLUSIONS

1. The aforesaid acts and practices of respondents were and are in violation of the Flammable Fabrics Act, as amended, and the rules and regulations promulgated thereunder, and as such constituted, and now constitute unfair methods of competition and unfair and deceptive acts

¹ Upon receiving the Commission's notice, Howard S. Stein promptly ordered the corporate respondent to recall whatever merchandise was out with distributors and purchasers and he caused to be removed all the merchandise from any future sales.

and practices in commerce, within the intent and meaning of the Federal Trade Commission Act.

2. Respondents argue on brief that the individual respondent should not "be a party to this consent order and decree [because] he stands in a position no worse than an officer of a large corporate structure." Since the named individual respondent admittedly was the person responsible for the management, direction and control of the corporate respondent, effective administration of the Flammable Fabrics Act, as amended, dictate that an outstanding order be directed against the responsible individual and not merely against a lifeless corporate entity. For respondent Howard S. Stein is the alter ego of Howard Carpet Mills, Inc., *Cf. Fred Meyer, Inc.*, 63 F.T.C. 1; *Pati-Port, Inc. v. Federal Trade Commission*, 313 F. 2d 103, 105 (4th Cir. 1963).

3. The Flammable Fabrics Act, as amended, addresses itself to protecting the public from bodily harm. The Commission must, therefore, "be allowed effectively to close all roads to the prohibited goal, so that its order may not be by-passed with impunity." *Federal Trade Commission v. Ruberoid Co.*, 343 U.S. 470, 473 (1952).

4. The remedy in the accompanying order has a reasonable relationship to the unlawful practice here found to exist. It is the only reasonable action which could be calculated to preclude a revival of the illegal practices.

5. The Federal Trade Commission has jurisdiction of and over respondents and the subject matter of this proceeding.

6. The complaint herein states a cause of action and this proceeding is in the public interest.

ORDER

It is ordered, That respondent Howard Carpet Mills, Inc., a corporation, its successors and assigns, and its officers, and respondent Howard S. Stein, individually and as an officer of said corporation and respondents' agents, representatives and employees directly or through any corporation, subsidiary, division, or other device, do forthwith cease and desist from manufacturing for sale, selling, offering for sale, in commerce, or importing into the United States, or introducing, delivering for introduction, transporting or causing to be transported in commerce, or selling or delivering after sale or shipment in commerce, any product, fabric, or related material; or manufacturing for sale, selling, or offering for sale, any product made of fabric or related material which has been shipped or received in commerce, as "commerce," "product," "fabric" and "related material" are defined in the Flammable Fabrics Act, as amended, which product, fabric or related material fails to conform to an applicable standard or regulation con-

tinued in effect, issued or amended under the provisions of the aforesaid Act.

It is further ordered, That respondents notify all of their customers who have purchased or to whom have been delivered the products which gave rise to this complaint, of the flammable nature of said products and effect recall of said products from such customers.

It is further ordered, That the respondents herein either process the products which gave rise to the complaint so as to bring them into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or destroy said products.

It is further ordered, That the provisions of this order with respect to customer notification, recall, and processing or destruction shall, in addition to the products set forth in subparagraph one of Paragraph Two of the complaint, be applicable to any other styles of carpeting found not to meet an applicable standard under the Flammable Fabrics Act, as amended, since the issuance of the complaint and until the order becomes final within the meaning of the Federal Trade Commission Act.

It is further ordered, That respondents herein shall, within ten (10) days after service upon them of this order file with the Commission a special report in writing setting forth the respondents' intentions as to compliance with this order. This special report shall also advise the Commission fully and specifically concerning (1) the identity of the products which gave rise to the complaint, (2) the identity of the purchasers of said products, (3) the amount of said products on hand and in the channels of commerce, (4) any action taken and any further actions proposed to be taken to notify customers of the flammability of said products and effect the recall of said products from customers, and of the results thereof, (5) any action taken or proposed to be taken to bring said products into conformance with the applicable standard of flammability under the Flammable Fabrics Act, as amended, or to destroy said products, and the results of such action and (6) any disposition of said products since November 10, 1971. Respondents will submit with their report, a complete description of each style of carpet or rug currently in inventory or production. Upon requests, respondents will forward to the Commission for testing a sample of any such carpet or rug. Respondents will also advise the Commission fully and specifically concerning items (1) through (5) above with regard to any products coming within the purview of Paragraph Four of this order.

It is further ordered, That respondents notify the Commission at least 30 days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of

Final Order

81 F.T.C.

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 respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

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 respondent's current business or employment in which he is engaged as well as a description of his duties and responsibilities.

FINAL ORDER

No appeal from the initial decision of the administrative law judge having been filed, and the Commission having determined that the case should not be placed on its own docket for review and that pursuant to Section 3.51 of the Commission's Rules of Practice (effective August 15, 1971), the initial decision should be adopted and issued as the decision of the Commission:

It is ordered, That the initial decision of the administrative law judge shall, on the 1st day of December 1972, become the decision of the Commission.

It is further ordered, That Howard Carpet Mills, Inc., a corporation, and Howard S. Stein, individually and as an officer of the corporation, shall, within sixty (60) days after service of this order upon them, file with the Commission a report in writing, signed by such respondents, setting forth in detail the manner and form of their compliance with the order to cease and desist.

IN THE MATTER OF

ESTELLE COHEN, TRADING AS INCOME TAX PREPARATION
CO., ET AL.

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

Docket C-2326. Complaint, Dec. 1, 1972—Decision, Dec. 1, 1972

Consent order requiring a New York City personal income tax preparation service, among other things to cease misrepresenting the terms and conditions of any guarantees; representing that respondent will reimburse customers for any additional payments because of mistakes made on tax returns; failing to disclose respondents' responsibility for, or obligation resulting from, errors attributable to respondents' preparation of tax returns; and misrepresenting the training, competence, or ability of respondents' tax-preparing personnel.

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 Estelle Cohen, an individual trading and doing business as Income Tax Preparation Co., and Leonard Cohen, individually, and as manager of said company 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 Estelle Cohen is an individual trading and doing business as Income Tax Preparation Co. Respondent Leonard Cohen is her husband, and as manager of said company he formulates, directs and controls its policies, acts and practices. Their address, and that of the office and principal place of business of the company, is 146 East 46th Street, New York, New York.

PAR. 2. Respondents are now, and for some time last past, have been engaged in the advertising, offering for sale and sale of personal income tax preparation services.

Respondents and their employees sell their aforesaid services directly to the public during the tax season at 40 different locations.

PAR. 3. In the course and conduct of their business, respondents have disseminated, and caused the dissemination of, certain advertisements concerning the said income tax preparation services by various means in commerce, as "commerce" is defined in the Federal Trade Commission Act for the purpose of inducing and which were likely to induce, directly or indirectly, the purchase of said income tax preparation services.

PAR. 4. Among the advertisements disseminated in the aforesaid manner, are certain newspaper and classified telephone directory insertions. These advertisements contain certain statements and representations respecting a guarantee, and the expertise of their employees. Typical of the statements and representations in said advertisements, but not all inclusive thereof, are the following:

a. Newspaper:

PREPARED BY EXPERTS

All returns prepared by us are guaranteed for Accuracy and Correctness. We will pay cost of any penalties arising from guarantee.

b. Classified telephone directory:

INCOME TAX PREPARATION CO.

Our professional know-how will get you all of your deductions.

* * * * *

ALL TYPES TAX RETURNS for INDIVIDUALS, COMPANIES and CORPORATIONS Prepared Quickly, Accurately, Efficiently, Confidentially
We Represent You At Audits & Examinations.

OUR PLEDGE:

All returns prepared by us are checked for accuracy and correctness. Based upon information supplied, we will pay cost of any penalty arising from this statement.

PAR. 5. By and through the use of the above-quoted statements and representations, and others of similar import and meaning, but not expressly set out herein, respondents have represented, and are now representing, directly or by implication, that:

1. Respondents will reimburse taxpayers for all payments the taxpayers are required to make in addition to their initial tax payments, if the additional payments result from an error made by respondents and their employees in the preparation of tax returns.

2. Respondents' tax preparers are specially trained and unusually competent in preparing tax returns and giving tax advice, and that they have the ability and capacity to prepare complex tax returns and give advice regarding complex and detailed income tax returns.

PAR. 6. In truth and in fact:

1. Respondents reimburse taxpayers only for penalties and interest assessed against them by the Internal Revenue Service. Respondents do not pay the additional tax that taxpayers may have to pay as a result of errors committed by them or their tax preparers.

2. Many of respondents' tax preparers are seasonal employees, who are not specially trained or unusually competent in preparing tax returns and giving tax advice, and such tax preparers do not have the ability and capacity to prepare complex tax returns and give advice regarding complex and detailed income tax returns.

Therefore, the statements and representations set forth in Paragraphs Four and Five hereof were, and are, false, misleading and deceptive.

PAR. 7. In the course and conduct of their business, and at all times mentioned herein, respondents have been in substantial competition, in commerce, with corporations, firms and individuals in the sale of income tax preparation services of the same general kind and nature.

PAR. 8. The use by respondents of the aforesaid false, misleading and deceptive statements and representations, and unfair acts and practices, has had, and now has, the capacity and tendency to mislead members of the public into the erroneous and mistaken belief that said statements and representations were and are true and into the purchase of respondents' income tax preparation services by reason of said erroneous and mistaken belief.

PAR. 9. The aforesaid acts and practices of the respondents as herein alleged, were and are all to the prejudice and injury to the public and of respondents' competitors, and have constituted and now constitute unfair methods of competition in commerce, and unfair and deceptive acts and practices in commerce, in violation of Section 5 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 a draft of complaint which the New York Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of Section 5 of the Federal Trade Commission 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 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 alleged in such complaint, and waivers and other provisions as required by the Commission's rules; and

The Commission having considered the agreement and having accepted same, and the agreement containing consent order having thereupon been placed on the public record for a period of thirty (30) days, and having duly considered the comments filed thereafter pursuant to Section 2.34(b) of its rules, now in further conformity with the procedure prescribed in Section 2.34(b) of its rules, the Commission hereby issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent Estelle Cohen is an individual trading and doing business as Income Tax Preparation Co. Respondent Leonard Cohen is her husband, and as manager of said company he formulates, directs and controls its policies, acts and practices. Their address, and that of the office and principal place of business of the company, is 146 East 46th Street, New York, New York.

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, Estelle Cohen, an individual trading and doing business as Income Tax Preparation Co., and Leonard Cohen, individually, and as manager of said company, their successors and assigns, and their agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in or in connection with the advertising, offering for sale, and sale of income tax preparation services, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using any guarantee without clearly and conspicuously disclosing the terms, conditions and limitations of any such guarantee; or misrepresenting, in any manner, the terms and conditions of any guarantee.

2. Representing, directly or by implication, that respondents will reimburse their customers for all payments the customers may be required to make in addition to their initial tax payments, in instances where the additional payments result from an error by respondents in the preparation of the tax return; *Provided, however,* nothing herein shall prevent truthful representations that respondents will reimburse their customers for penalty or interest payments resulting from respondents' error.

3. Failing to disclose, clearly and conspicuously, whenever respondents make any representation, directly or by implication, as to their responsibility for, or obligation resulting from, errors attributable to respondents in the preparation of tax returns, that respondents will not assume the liability for additional taxes assessed against the taxpayer.

4. Representing, directly or by implication, that respondents' tax-preparing personnel are specially trained or unusually competent in the preparation of tax returns and the giving of tax advice: or that they have the ability and capacity to prepare and give advice concerning complex and detailed income tax returns; or misrepresenting, in any manner, the competence or ability of respondents' tax-preparing personnel.

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.

It is further ordered, That respondents notify the Commission at least 30 days prior to any proposed change in the respondents such

as dissolution, assignment or sale resulting in the emergence of a successor, the creation or dissolution of subsidiaries or any other change which may affect compliance obligations arising out of the order.

IN THE MATTER OF

GLEN HEAD MILLS OF GEORGIA, INC., ET AL.

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

Docket C-2327. Complaint, Dec. 1, 1972—Decision, Dec. 1, 1972

Consent order requiring a Jasper, Georgia, wholesaler of carpeting fabrics fabricated from its yarns, among other things to cease removing or mutilating information required by the Textile Fiber Products Identification Act; failing to maintain adequate records; and misbranding its textile fiber products. Respondent is further required to cease using the word "Mills" as part of the corporate or trade name which misrepresents that respondent owns, operates or controls mills, factories or manufacturing plants.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act 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 Glen Head Mills of Georgia, Inc., a corporation, and Edward Negola, 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 Textile Fiber Products Identification 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. Proposed respondent Glen Head Mills of Georgia, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Georgia. The respondent corporation maintains its office and principal place of business at 1 Carl E. Sanders Avenue, Jasper, Georgia.

Proposed respondent Edward Negola is an officer of said corporation. He formulates, directs and controls the policies, acts and practices of the corporate respondent including those hereinafter referred to. His address is the same as that of the corporate respondent.

Complaint

81 F.T.C.

PAR. 2. Proposed respondents were engaged in the business of purchasing carpet remnants from various sources and the wholesaling of such in the form of rugs. Proposed respondents are currently engaged in the business of purchasing carpet yarns from various sources, having such tufted into carpet rolls to their specifications and the wholesaling of such carpet rolls, as well as rugs made therefrom.

COUNT I

Alleging violation of the Textile Fiber Products Identification Act and the Federal Trade Commission Act, the allegations of Paragraphs One and Two are incorporated by reference in Count I as if fully set forth herein.

PAR. 3. Respondents are now and for some time last past have been engaged in the introduction, delivery for introduction, manufacture 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 and caused to be transported, textile fiber products, either in their original state or contained in other textile fiber products, as the terms "commerce" and "textile fiber products" are defined in the Textile Fiber Products Identification Act.

PAR. 4. Certain of said textile fiber products were misbranded by respondents in that they were not stamped, tagged, labeled, or otherwise identified as required under the provisions of Section 4(b) of the Textile Fiber Products Identification Act, and in the manner and form as prescribed by the rules and regulations promulgated under said Act. Among such misbranded textile fiber products, but not limited thereto, were textile fiber products, namely area rugs, with labels affixed by Glen Head Mills of Georgia, Inc., which failed to disclose the percentage of the fibers present by weight.

Also among such misbranded textile fiber products were carpet rolls offered by Glen Head Mills of Georgia, Inc., which did not have labels affixed thereto disclosing:

1. The percentages of the fibers present by weight.
2. The generic names of the fibers present.

PAR. 5. Respondents have failed to maintain proper records showing the fiber content of the textile fiber products fabricated from their yarns and manufactured to their specifications, in violation of Section 6(a) of the Textile Fiber Products Identification Act and Rule 39 of the regulations promulgated thereunder.

PAR. 6. Respondents, in violation of Section 5(a) of the Textile Fiber Products Identification Act have caused and participated in the removal of, prior to the time textile fiber products subject to the provisions of the Textile Fiber Products Identification Act were sold and delivered to the ultimate consumer, labels required by the Textile Fiber Products Identification Act to be affixed to such products, without substituting therefore labels conforming to Section 4 of said Act and in the manner prescribed by Section 5(b) of said Act.

PAR. 7. Respondents in substituting stamps, tags, labels, or other identification pursuant to Section 5(b) of the Textile Fiber Products Identification Act have not maintained such records as will show the information set forth on these stamps, tags, labels, or other identification removed together with the name or names of the person or persons from whom such textile fiber products were received in violation of Section 6(b) of the Textile Fiber Products Identification Act.

PAR. 8. Certain of said textile fiber products were misbranded 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 that in disclosing the required fiber content information as to floor coverings containing exempted backings, fillings, or paddings, such disclosure was not made in such a manner as to indicate that such required fiber content information related only to the face, pile or outer surface of the floor covering and not to the backing, filling or padding, in violation of Rule 11 of the aforesaid rules and regulations.

PAR. 9. The acts and practices of respondents as set forth above were, and are, in violation of the Textile Fiber Products Identification Act 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, under the Federal Trade Commission Act.

COUNT II

Alleging violation of the Federal Trade Commission Act, the allegations of Paragraphs One and Two are incorporated by reference in Count II as if fully set forth herein.

PAR. 10. In the course and conduct of their business, respondents now cause, and for some time last past have caused, their said products, to be shipped from their place of business in the State of Georgia to purchasers thereof located in various other States of the United States, and maintain, and at all times mentioned herein have maintained, a substantial course of trade in said products in commerce, as "commerce" is defined in the Federal Trade Commission Act.

PAR. 11. In the 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 products of the same general kind as that sold by respondents.

PAR. 12. In the course and conduct of their business, the aforesaid respondents, variously on their labels and elsewhere, refer to the corporate respondent as "Glen Head Mills," thus stating or implying that said corporate respondent functions as a mill to manufacture the products which it sells. In truth and in fact, while the corporate respondent directs the fabrication of its products, the corporate respondent does not function at all as a mill nor does it own, operate, or directly and absolutely control a mill. Thus, the aforesaid representations are false, misleading, and deceptive.

PAR. 13. There is a preference on the part of many members of the public to buy products directly from mills or factories in the belief that by doing so certain advantages accrue to them, including lower prices.

PAR. 14. The use by respondents of the aforesaid false, misleading and deceptive statements, representations and practices has had, and now has, the capacity and tendency to mislead dealers and other purchasers into the erroneous and mistaken belief that such statements and representations were, and are, true, and into the purchase of substantial quantities of respondents' products by reason of said erroneous and mistaken belief.

PAR. 15. The aforesaid acts and practices of respondents, as herein alleged in Paragraphs Twelve through Fourteen, were and are, all to the prejudice and injury of the public and of respondents' competitors and constituted, and now constitute, unfair and deceptive acts and practices and unfair methods of competition, in commerce, within the intent and meaning of Section 5 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 a draft of complaint which the Division of Textiles and Furs 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 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 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 agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in Section 2.34 (b) of its rules, the Commission hereby issues its complaint; makes the following jurisdictional findings, and enters the following order:

1. Respondent Glen Head Mills of Georgia, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Georgia. Its general offices and principal place of business are located at 1 Carl E. Sanders Avenue, Jasper, Georgia.

Respondent Edward Negola is an officer of said corporation. He formulates, directs and controls the policies, acts and practices of the corporate respondent including those hereinafter referred to. The address of Edward Negola is the same as that of the corporate respondent.

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

I

It is ordered, That respondents Glen Head Mills of Georgia, Inc., a corporation, its successors and assigns, and its officers, and Edward Negola, individually and as an officer of Glen Head Mills of Georgia, Inc., and respondents' representatives, agents and employees, directly or through any corporation, subsidiary, division or other device, in connection with the introduction, manufacture 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 the terms "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 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.

B. Failing to maintain or preserve records of fiber content of textile fiber products fabricated from their yarns and manufactured to their specifications as required by Section 6(a) of the Textile Fiber Products Identification Act and Rule 39 of the rules and regulations promulgated thereunder.

C. Removing or mutilating, or causing or participating in the removal or mutilation of, the stamp, tag, label or other identification required by the Textile Fiber Products Identification Act to be affixed to any textile fiber product, after such textile fiber product has been shipped in commerce, and prior to the time such textile fiber product is sold and delivered to the ultimate consumer without substituting therefor labels conforming to Section 4 of said Act and the rules and regulations promulgated thereunder and in the manner prescribed by Section 5(b) of the Act.

D. Failing to maintain and preserve, as required by Section 6(b) of the Textile Fiber Products Identification Act, such records of the fiber content of textile fiber products as will show the information set forth on the stamps, tags, labels or other identification removed by respondents, together with the name or names of the person or persons from whom such textile fiber products were received, when substituting stamps, tags, labels or other identification pursuant to Section 5(b) of the Textile Fiber Products Identification Act.

E. Failing to set forth in disclosing fiber content information as to floor coverings containing exempted backings, fillings or paddings, that such disclosure relates only to the face, pile or outer surface of such textile fiber products and not the exempted backings, fillings, or paddings.

II

It is further ordered, That respondents Glen Head Mills of Georgia, Inc., a corporation, its successors and assigns, and its officers, and Ed-

