

NATIONAL RECOVERY ADMINISTRATION

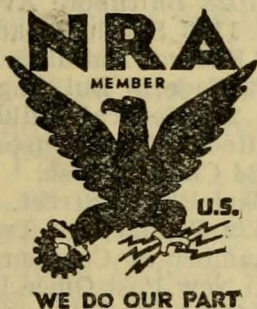
**SUPPLEMENTARY
CODE OF FAIR COMPETITION**

FOR THE

LINEN IMPORTING TRADE

(A Division of the Importing Trade)

AS APPROVED ON NOVEMBER 22, 1934

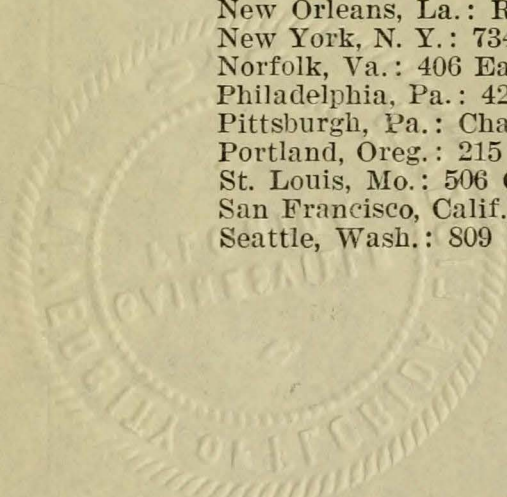


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Approved Code No. 487—Supplement No. 2

SUPPLEMENTARY CODE OF FAIR COMPETITION

FOR THE

LINEN IMPORTING TRADE

As Approved on November 22, 1934

ORDER

APPROVING SUPPLEMENTARY CODE OF FAIR COMPETITION FOR THE
LINEN IMPORTING TRADE

A DIVISION OF THE IMPORTING TRADE

An application having been duly made pursuant to and in full compliance with the provisions of Title I of the National Industrial Recovery Act, approved June 16, 1933, for approval of the Supplementary Code of Fair Competition for the Linen Importing Trade, to the Code of Fair Competition for the Importing Trade, and Hearings having been duly held thereon and the annexed report on said Code, containing findings with respect thereto, having been made and directed to the President:

NOW, THEREFORE, on behalf of the President of the United States, the National Industrial Recovery Board, pursuant to authority vested in it by Executive Orders of the President, including Executive Order No. 6859, and otherwise, does hereby incorporate by reference said annexed report and does find that said Supplementary Code complies in all respects with the pertinent provisions and will promote the policies and purposes of said Title of said Act; and does hereby order that said Supplementary Code of Fair Competition be and it is hereby approved.

NATIONAL INDUSTRIAL RECOVERY BOARD,
By W. A. HARRIMAN, *Administrative Officer.*

Approval recommended:

ROBERT L. HOUSTON,
Division Administrator.

WASHINGTON, D. C.,
November 22, 1934.

REPORT TO THE PRESIDENT

The PRESIDENT,
The White House.

SIR: This is a report of the Hearing on the Supplementary Code of Fair Competition for the Linen Importing Trade, conducted in Room D of the Washington Hotel, on Monday, August 20, 1934. The Supplementary Code which is attached, was presented by duly qualified and authorized representatives of the Trade, complying with the statutory requirements, said to represent 84 per cent in number and 86 per cent in volume of sales of the Trade which could be included in this Supplementary Code.

THE TRADE

According to statistics furnished by members of the Linen Importing Trade, there are 128 establishments in the Trade with aggregate annual sales of approximately \$50,000,000, these firms employing about 2200 in 1933. Subsequent to the Public Hearing, the National Recovery Administration conducted a survey by means of an official questionnaire, the results of which survey indicate that the establishments in this Trade number 115.

PROVISIONS OF THE CODE

Since this Code is supplementary to the Code of Fair Competition for the Importing Trade, it contains no labor provisions.

The various Trade Practice Provisions do not appear to be in any way objectionable. They are designed to eliminate certain unfair practices in the Trade through which a few members of the Trade have benefited at the expense of the public and other linen importers who do not engage in such practices. Among the several Trade Practice Provisions is one prohibiting consignment of merchandise, except for fancy linen units with a value of \$25.00 or more each, and except samples for inspection. Another Trade Practice Provision prohibits lot sales except in cases where articles are commonly sold in set or ensemble form. This Provision prevents the practice of selling an article or articles at a price which is contingent upon the concurrent purchase and sale of other articles, through which practice inferior or obsolete merchandise is often passed on in combination with more saleable items, without the buyer being fully aware of the fact that the entire lot purchase is not the bargain it appears to be.

FINDINGS

The Deputy Administrator in his final report to the National Industrial Recovery Board on said Supplementary Code having

found as herein set forth and on the basis of all the proceedings in this matter;

It finds that:

(a) Said Supplementary Code is well designed to promote the policies and purposes of Title I of the National Industrial Recovery Act, including removal of obstructions to the free flow of interstate and foreign commerce which tend to diminish the amount thereof, and will provide for the general welfare by promoting the organization of industry for the purpose of cooperative action among trade groups, by inducing and maintaining united action of labor and management under adequate governmental sanction and supervision, by eliminating unfair competitive practices, by promoting the fullest possible use of the present productive capacity of industries, by avoiding undue restriction of production (except as may be temporarily required), by increasing the consumption of industrial and agricultural products through increasing purchasing power, by reducing and relieving unemployment, by improving standards of labor, and by otherwise rehabilitating industry.

(b) Said Trade normally employs not more than 50,000 employees and it is not classified by the National Industrial Recovery Board as a major industry.

(c) The Supplementary Code as approved complies in all respects with the pertinent provisions of said Title of said Act, including without limitation Subsection (a) of Section 3, Subsection (a) of Section 7 and Subsection (b) of Section 10 thereof; and that the applicant association is a trade association truly representative of the aforesaid Trade; and that said association imposes no inequitable restrictions on admission to membership therein.

(d) The Supplementary Code is not designed to and will not permit monopolies or monopolistic practices.

(e) The Supplementary Code is not designed to and will not eliminate or oppress small enterprises and will not operate to discriminate against them.

(f) Those engaged in other steps of the economic process have not been deprived of the right to be heard prior to the approval of this Supplementary Code.

For these reasons, this Supplementary Code has been approved.

For the National Industrial Recovery Board:

W. A. HARRIMAN,
Administrative Officer.

NOVEMBER 22, 1934.

SUPPLEMENTARY CODE OF FAIR COMPETITION FOR THE LINEN IMPORTING TRADE

A DIVISION OF THE IMPORTING TRADE

ARTICLE I—PURPOSES

To effectuate the policies of Title I of the National Industrial Recovery Act, this Supplementary Code is established as a Code of Fair Competition for the Linen Importing Trade pursuant to Article VI, Section 1 (C) of the General Code of Fair Competition for the Importing Trade, approved on July 20, 1934. All provisions of the said General Code which are not in conflict with the provisions of this Supplementary Code are hereby incorporated by reference in this Supplementary Code and made a part thereof. Such provisions of the General Code, together with the supplementing provisions of this Code, are the standards of fair competition for and are binding upon every member of said Trade.

ARTICLE II—DEFINITIONS

(Supplementing Article II of the General Code)

SECTION 1. *Linen Importer*.—For the purposes of this Supplementary Code, a "linen importer" shall be defined, but without limitation, as any individual, partnership, corporation, association, or other form of enterprise, or any organized division thereof, principally engaged in importing stable linens, fancy linens, and/or apparel, and/or principally engaged in the sale of imported fancy linens, staple linens, and/or apparel linens to manufacturers, wholesalers, retailers, and/or institutional, commercial, and/or industrial users; provided, however, that this Supplementary Code shall not govern the importation of merchandise which is solely for consumption of the linen importer, and not for resale. Modifications of, or extensions to this definition, or any part thereof, may be made when recommended by the Divisional Code Authority and approved by the National Industrial Recovery Board.

SECTION 2. *Trade*.—The term "Trade", as used herein, shall mean the business in which linen importers, as above defined, are engaged.

SECTION 3. *Staple Linens*.—The term "staple linens", as used herein, shall mean hemmed or hemstitched linen, damasks, plain sheets, towels and toweling, pillow cases, peasant types or printed linens, and household linen in piece goods form.

SECTION 4. *Fancy Linens*.—The term "Fancy Linens", as used herein, shall mean linens which have been decorated, embroidered, or lace-trimmed.

SECTION 5. *Apparel Linens*.—The term "Apparel Linens", as used herein, shall mean linens in the piece, which are sold for subsequent conversion into articles of wearing apparel or accessories thereto.

SECTION 6. *General Code*.—The term “General Code”, as used herein, shall mean the General Code of Fair Competition for the Importing Trade, approved July 20, 1934, as heretofore or hereafter amended.

SECTION 7. *Divisional Code Authority*.—The term “Divisional Code Authority”, as used herein, shall mean the Divisional Code Authority for the Linen Importing Trade, a division of the Importing Trade.

SECTION 8. *Association*.—The term “Association”, as used herein, shall mean the Linen Trade Association, the Association which has presented this Supplementary Code on behalf of the Linen Importing Trade.

SECTION 9. *Consignment*.—The term “Consignment”, as used herein, shall mean delivering to or leaving merchandise with a customer, the title to remain with the linen importer until such time as his or its customer shall sell or return the merchandise.

ARTICLE III—ADMINISTRATION

(Supplementing Article VI of the General Code)

SECTION 1. *Divisional Code Authority*.—(a) The Divisional Code Authority for this Trade shall consist of seven (7) persons to represent the following groups: three (3) shall be elected by the vote of the entire Trade, to be known as “general members”; one (1) shall be a non-member of the Association, to be elected by the non-members of the Association; one (1) shall be an importer of fancy linens and shall be elected by the importers of fancy linens; one (1) shall be an importer of staple linens and shall be elected by the importers of staple linens; and one (1) shall be an importer of apparel linens and shall be elected by the importers of apparel linens.

(b) The members of the Divisional Code Authority shall be elected as follows: The Board of Directors of the Association, plus a non-member of the Association to be appointed by the National Recovery Administration, shall constitute a nominating committee. This nominating committee shall draw up a ballot which shall contain sufficient names to give a choice of at least two (2) persons for each place on the Divisional Code Authority and blank spaces in which linen importers may write their choice if it be different from the names appearing on the ballot. Cumulative voting shall not be permitted. This ballot shall be sent to all known linen importers. Fifteen (15) days after the ballots are mailed to linen importers, they shall be opened and counted in the presence of the nominating committee. The linen importers receiving the highest number of votes for each of the Divisional Code Authority memberships designated shall be declared to be elected.

(c) The term of office of members of the Divisional Code Authority shall be one (1) year and the method of electing their successors, whether for new terms or for unexpired terms, shall be the same as established in Subsections (a) and (b) of this Section.

(d) Until such time as the Divisional Code Authority is elected, as herein provided, the committee elected by the Association to present this Supplementary Code shall act as the temporary Divisional Code Authority.

SECTION 2. *Powers and Duties.*—The Divisional Code Authority shall have the following duties and powers in addition to those prescribed in the General Code:

(a) To adopt by-laws and rules and regulations for its procedure.

(b) To use such trade associations and other agencies as it deems proper for the carrying out of its activities provided for herein, provided that nothing herein shall relieve the Divisional Code Authority of its duties or responsibilities under this Supplementary Code, and that such trade associations and agencies shall at all times be subject to and comply with the provisions hereof.

(c) To organize, elect officers, hire employees, and perform such other acts as may be necessary for the proper administration of this Supplementary Code, and to recommend to the National Industrial Recovery Board for adoption, such measures as may be appropriate to prevent unsound, unfair, or destructive competitive practices which interfere with the effectuation of the policies of the Act.

(d) To recommend to the National Industrial Recovery Board such amendments or modifications of this Supplementary Code as may seem desirable to effectuate the policies of the Act and to assent to such amendments or modifications on behalf of the Trade.

(e) To appoint a Trade Practice Committee, which shall meet with the Trade Practice Committees appointed under such other Codes as may be related to the trade, except other Supplementary Codes to the General Code, for the purpose of formulating fair trade practices to govern the relations between the production and distribution employers under this Supplementary Code and under such others, to the end that such fair trade practices may be proposed to the National Industrial Recovery Board as an amendment to this Supplementary Code and such other Codes.

(f) In order to assist in making effective the reports from the Trade and in eliminating unfair competition, the Divisional Code Authority shall at the order of the National Industrial Recovery Board appoint a committee so constituted as to give consumer and governmental representation satisfactory to the National Industrial Recovery Board, to make a study with a view to the establishment of standard classifications and standards of quality (grades) of staple products of the Trade, wherever such standards are deemed feasible. The findings and recommendations of this committee shall be submitted to the National Industrial Recovery Board, within a period of time to be designated by it, and after such hearings and investigations as it may designate, and upon approval by it, shall be made a part of this Code and be binding upon every linen importer.

SECTION 3. *Payment of Cost of Administration.*—The Divisional Code Authority shall have the powers set forth in Article VI, Section 10, of the General Code in order to obtain funds to support the administration of this Supplementary Code, the General Code as applied to this division of the Importing Trade, and to effectuate the policy of the Act, and each linen importer shall be liable for assessments made under this power unless duly excepted from making such contribution. Nothing in this Supplementary Code shall relieve linen importers of their obligation to pay assessments levied by the General Importers Code Authority in accordance with Article VI, Section 10 of the General Code.

SECTION 4. *Information for Government Agencies.*—In addition to the information required to be submitted to the General Importers Code Authority and the Divisional Code Authority on their agencies, all or any of the persons subject to this Supplementary Code shall furnish such statistical information and reports as the National Industrial Recovery Board may deem necessary for the purposes recited in Title I, Sections 3 (a) and 3 (e) of the Act, to such federal and/or state agencies as the National Industrial Recovery Board may designate; but nothing in this Supplementary Code shall relieve any person of any existing or future obligation to furnish reports to government agencies. No individual report shall be disclosed to any other linen importer or any other party except to such other governmental agencies as may be directed by the National Industrial Recovery Board.

ARTICLE IV—TRADE PRACTICES

(Supplementing Article VII of the General Code)

SECTION 1. *Terms.*—The maximum terms in this trade shall be three per cent (3%) for payment in ten (10) days, with an option of E. O. M. dating, or two per cent (2%) for longer dating, not in excess of seventy (70) days from date of invoice. Shipments on the 25th day of the month and after may be allowed as of the first of the following month; no other advance dating shall be allowed.

SECTION 2. *Delivery.*—Delivery of merchandise shall be F. O. B. city of principal stock-carrying office. The term "New York City" as a principal stock-carrying office point shall mean only the five (5) boroughs thereof. Prices at branch offices and/or warehouses must include all transportation and handling charges between the principal stock-carrying office and such branch office and/or warehouse, which charges must be added to the F. O. B. price at the principal stock-carrying office. After these transportation and handling charges have been added, free local city delivery may be made from said branch offices and/or warehouses.

SECTION 3. No linen importer shall guarantee prices on any order for future delivery against a possible future decline in price, or guarantee then existing prices or reserve merchandise at then existing prices against a possible advance, unless in possession of a bona fide confirmed contract covering such future delivery, except that a linen importer may make an offer looking towards a bona fide confirmed contract containing such a guarantee. In case of complaint of violation, upon request of the Divisional Code Authority, linen importers concerned shall present proof of such bona fide confirmed contracts.

SECTION 4. In recognition of unavoidable irregularities in size in the production of staple, fancy, and apparel linens, Article VII, Section 1 of the General Code is hereby modified to the following extent, to permit the following maximum size variations:

(a) No linen importer shall mark goods, or sell or distribute goods which are marked, in such a way as to vary more than two per cent (2%) in the case of staple and apparel linens, or three per cent (3%) in the case of fancy linens, from the finished size in either length or width. Any merchandise remaining in warehouse or in stock on the

effective date of this Supplementary Code either must be re-marked, or the correct finished size, in accordance with this provision, must be directed to the attention of the buyer and the confirmation of the order must be marked accordingly. The merchandise shall be so invoiced.

(b) The use of the terms "linen", "pure linen", and "all-linen" and terms of similar import shall be limited solely to articles the basic fabric of which has a linen content of ninety-five per cent (95%) or more in weight. No article the basic fabric of which contains less than five per cent (5%) of linen by weight shall be labeled, marked, branded, stamped, characterized, or named with the word "linen" in any form. Articles the basic fabric of which contains between five per cent (5%) and ninety-five per cent (95%) in weight of linen content shall be so labeled as to indicate the exact linen content expressed in percentage of weight, such figures to be printed in the same size type as the word "linen." The above limitations shall also apply in the case of fabrics.

SECTION 5. No linen importer shall knowingly handle any goods for which standards of quality, quantity, size and/or performance, and/or labeling requirements, are provided for in accordance with Article III, Section 2 (f) of this Code unless such goods, handled by such linen importer, comply with all such standards and/or labeling requirements; provided, however, that such goods, if non-standard, may be handled when appropriately labeled or otherwise identified as non-standard.

SECTION 6. *Consignment*.—Except for fancy linen units with a value of \$25.00 or more each, no merchandise may be shipped or delivered on consignment, nor may any method of alleged selling be used which has the effect of shipping or delivering on consignment. Samples for inspection, however, shall be exempt from the application of this provision.

SECTION 7. *Lot Sales*.—No linen importer shall sell any article or articles at a price which is contingent upon the concurrent purchase and sale of another article or articles, or other sizes of the article; nor shall any linen importer sell different articles in group or combination at a special lot or group price; provided, however, that articles which are commonly sold in set or ensemble form shall not be subject to the restrictions of this provision.

SECTION 8. *Return of Merchandise*.—Merchandise purchased and shipped in good faith and in accordance with the buyer's specifications may not be received for credit by any linen importer; provided, however, that when goods do not conform to the specifications contained in the purchase order, the linen importer may allow a maximum of seven (7) successive business days after the receipt of such merchandise by the customer in which to accept claim for credit for such merchandise, and provided further, that this Section shall have no application to the return of merchandise in which there are defects in the merchandise or manufacture thereof. Whenever a linen importer shall accept the return of merchandise or allow a claim for credit after the merchandise has been in the customer's possession for more than a period of seven (7) successive business days, he shall report such transaction to the Divisional Code Authority and certify that his action was in accordance with this provision.

Upon request of the Division Code Authority any linen importer concerned shall present proof that such returns or claims for credit were accepted in good faith and in accordance with the provisions herein.

ARTICLE V—MODIFICATION

This Supplementary Code and all provisions thereof are expressly made subject to the right of the President in accordance with the provisions of Sub-section (b) of Section 10 of the Act, from time to time to cancel or modify any order, approval, license, rule or regulation issued under Title I of said Act.

ARTICLE VI—EFFECTIVE DATE

This Supplementary Code shall become effective on the tenth day after approval.

Approved Code No. 487—Supplement No. 2
Registry No. 246-01.



UNIVERSITY OF FLORIDA



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