

ANNUAL REPORT  
OF THE  
FEDERAL  
TRADE COMMISSION  
FOR THE  
FISCAL YEAR ENDED JUNE 30  
1930

UNITED STATES  
GOVERNMENT PRINTING OFFICE  
WASHINGTON: 1930

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## FEDERAL TRADE COMMISSION

GARLAND S. FERGUSON, Jr., *Chairman*.  
CHARLES W. HUNT.  
WILLIAM E HUMPHREY.  
CHARLES H. MARCH  
EDGAR A. MCCULLOCH.  
OTIS B. JOHNSON, *Secretary*.

## FEDERAL TRADE COMMISSIONER--1915-1930

Name	State from which appointed	Period of service
Joseph E Davies	Wisconsin	Mar. 16, 1915-Mar. 18, 1918.
William J. Harris	Georgia	Mar. 16, 1915-May 31, 1918.
Edward N. Hurley	Illinois	Mar.16, 1915-Jan. 31, 1917.
Will H. Parry	Washington	Mar.16, 1915-Apr. 21, 1917.
George Rublee	New Hampshire	Mar.16, 1915-May 14, 1916.
William B. Colver	Minnesota	Mar.16, 1917-Sept. 25, 1920.
John Franklin Fort	New Jersey	Mar.16, 1917-Nov. 30, 1919.
Victor Murdock	Kansas	Sept. 4, 1917-Jan. 31, 1924.
Huston Thompson	Colorado	Jan.17, 1919-Sept. 25, 1926.
Nelson B. Gaskill	New Jersey	Feb. 1, 1920-Feb. 24, 1925.
John Garland Pollard	Virginia	Mar. 6, 1925-Sept. 25,1921.
John F. Nugent	Idaho	Jan.15, 1921-Sept. 25, 1927
Vernon W. Van Fleet	Indiana	June 26, 1922-July 31, 1926.
C. W. Hunt	Iowa	June 16, 1924.
William E Humphrey	Washington	Feb.25, 1925.
Abram F. Myers	Iowa	Aug. 2, 1926-Jan. 15, 1929.
Edgar A. MCCULLOCH	Arkansas	Feb.11, 1927.
G. S. Ferguson, Jr	North Carolina	Nov.14, 1927.
Charles H. March	Minnesota	Feb. 1, 1929.

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**ANNUAL REPORT OF THE FEDERAL TRADE  
COMMISSION, 1929-30**

*The Senate and House of Representatives,*

The Federal Trade Commission herewith submits to the Congress its annual report for the fiscal year July 1, 1929, to June 30, 1930.

**PART I. INTRODUCTION**

THE FIRE OF AUGUST 30, 1930

THE YEAR'S ACTIVITIES

UTILITIES INVESTIGATION

BACKGROUND AND PROCEDURE

## **THE FIRE OF AUGUST 30, 1930**

Although the fire of Saturday, August 30, 1930, which wrecked the building then housing the Federal Trade Commission in Washington occurred subsequent to the close of the fiscal year reported on herein, it was an event of far-reaching significance and has an important bearing on the current work of this commission.

No other event has served so strikingly to call attention to the inadequacy of the temporary buildings housing many of the Government establishments, as depositories of priceless records. In a recent letter to the director of the Office of Public Buildings and Public Parks of the National Capital the chairman of the commission stressed the "urgent need for fireproof quarters so that our employees and records shall not be again subject to the serious fire as recently demonstrated."

It is with a growing satisfaction that this commission contemplates the day when its official home will be within a permanent structure such as that at present proposed to domicile the independent offices of the Government.

Immediately after the fire those men and women whose offices had been wiped out or most severely damaged were moved, under an emergency order, from the wrecked structure at 2000 D Street NW to a near-by temporary building at 2000 C Street. They are still housed there, although members of the commission and the larger part of the staff are now quartered at 1800 Virginia Avenue NW., in another temporary building.

Fortunately, the commission's personnel had left the building more than an hour before the fire, so that no one was burned or otherwise injured, and it is doubtful if serious mishaps would have resulted even had the fire started during working hours, because the alarms would have been sounded and the employees would have responded as they had been trained to do at the frequent intervals at which fire drills had been held. Several firemen were temporarily overcome.

One side of the structure, escaping the brunt of the flames, housed most of the invaluable records which had been filed in their accustomed cabinets and were saved; but a number of documents in the course of preparation, some designed for later use in such investigations as that relating to public utilities, were left temporarily in offices which lay in the path of the flames and were destroyed.

Most of the lost documents are being successfully replaced, although at a sacrifice of much time and consequently at some expense.

The extent in terms of dollars of the commission's actual loss in records, furniture, and other physical property has not been arrived at, but it is expected to be considerably in excess of \$100,000. The amount will not be determined until the estimates are completed.

The amount of damage to the building proper is not to be estimated by the commission as this property, like other Government buildings, is controlled by the Public Buildings Commission.

Every branch of the commission has suffered a set-back in its work through loss of time. For more than one month the force was engaged in moving into habitable offices while a number of employees were detailed to the task of having salvable equipment restored and replacing that which was destroyed. A corps of extra laborers was employed.

While several theories have been advanced as to origin, the director of the Office of Public Buildings and Public Parks of the National Capital appointed a committee which investigated the circumstances surrounding the fire, and reported the cause undetermined.

## **THE YEAR'S ACTIVITIES**

Among major activities of the Federal Trade Commission during the fiscal year 1929-30 were:

Examination in Public hearings of the financial structure of several large utility holding company groups. (See pp.11, 33, and 60.)

Investigation of the amount of electric power transmitted over State boundaries, indicating a much larger total interstate movement of electric energy in 1929 than in 1928. (See pp.34 and 234.)

Comprehensive comparison of chain and independent store prices in three cities, with greater progress in the chain-store inquiry than shown for the previous year because of having for the first time sufficient field and office force. (See pp.34 and 234.)

Holding of 57 trade-practice conferences with that many industries, establishing a record in number of such meetings, and revision of certain rules adopted by industries at trade-practice conferences held with the commission. (See pp.38 and 166.)

### **EXPORT TRADE TOTALS \$724,100,000 IN 1929**

The commission's report on its administration of the export trade act, page 125, shows that associations operating under the act exported goods to the extent of \$724,100,000 in 1929, which was far in excess of the totals for the previous years, namely, \$476,200,000 in 1928 and \$371,500,000 in 1927.

Fifty-seven export associations at the close of the fiscal year were filing papers with the commission for operation under the export trade act.

### **NEWSPRINT INQUIRY IS COMPLETED**

The newsprint paper situation relative to Canadian-American price-fixing agreements and as to whether practices of newsprint manufacturers tended to create a monopoly in the supply to publishers of small newspapers, was comprehensively covered in the commission's report to the Senate at the close of the fiscal year.<sup>1</sup>

Recommendations of the commission were to the effect that these publishers of small papers wherever possible should purchase their newsprint requirements on a cooperative basis in order to get the benefit of contract prices on carload lots; that the Government attempt to relieve the shortage of newsprint by continuing its experiments in manufacture of paper from farm waste products; that Government-owned timberlands and water-power sites in Alaska be made available to domestically owned companies on liberal terms for development of the paper industry; and that future activities of the

<sup>1</sup> Printed copies of the newsprint report are now available by purchase from the Superintendent of Documents, Washington, D. C. This inquiry was conducted under authority of S. Res. 337, 70th Cong., 2d sess, for full text of which see p.237.



Newsprint Institute of Canada in relation to the sale of newsprint paper and the fixing of market prices in the United States be watched closely.

A complete account of this inquiry may be read on page 47.

### **COTTONSEED PRICE SURVEY**

Public hearings were begun in Washington in June for taking testimony regarding an alleged combination in violation of the antitrust laws with respect to prices as to cottonseed and cottonseed meal, and concerning ownership and control of cotton gins by corporations operating cottonseed oil mills. This inquiry is the result of two Senate resolutions, (S. Res. 136 and 147, 71st Cong., 1st sess.), full texts of which may be read beginning on page 236. Examination was continued through the summer and early fall in Atlanta, Montgomery, Raleigh, and Columbia. While no findings have been issued by the commission, a progress report upon the inquiry may be read on page 49.

### **PEANUT PRICES**

The two foregoing investigations relating to alleged violation of the antitrust laws, were conducted by the chief examiner, who is in charge of legal investigations. Another survey assigned to this official is that on prices of peanuts. This is also conducted at the direction of the Senate, whose resolution (S. Res. 139, 71st Cong., 1st sess.) requested the commission to ascertain all facts relating to "the alleged combination in violation of the antitrust laws with respect to prices for peanuts by corporations operating peanut crushers and mills." Public hearings are not being held, but examiners are at work in the peanut-producing States obtaining facts to be incorporated in the final report.

Besides the six investigations already mentioned, others conducted by the commission include those on resale price maintenance, geographic bases of price making, and blue-sky securities. These latter are general business inquiries, differing in scope and treatment from those administered by the chief examiner, and are conducted on the commission's own initiative, with the chief economist in charge. No public hearings are being held.

### **RESALE PRICE AND OTHER INQUIRIES**

The second part of the commission's report on resale price maintenance was in an advanced stage of preparation at the close of the fiscal year, the first part having been transmitted to Congress in January, 1929, and subsequently printed for public distribution.

The second and final part will discuss quantitative statistical data as to prices, margins, investments, and profits of various groups of manufacturers and distributors, embodying results of a study of the economic aspects of resale price maintenance, while the first book of the report dealt with the legal status of the subject and with the experience and opinions of interested business classes and of consumers. See pages

36 and 235.

Involved in the inquiry on geographic bases of price making are economic problems similar to those in the commission's "Pittsburgh plus" case of a few years ago in the steel industry in which the single basing point method of merchandising was in question. Other industries have identical or similar merchandising practices, the effects of which it is desired to ascertain.

A draft report on blue-sky securities, with reference to various methods of evading this evil, is now in the hands of the commission for consideration.

### **FALSE AND MISLEADING ADVERTISING**

Jurisdiction over fraudulent advertising matter broadcast over the radio was added during the fiscal year to the functions of the special board, of investigation charged with carrying out the commission's policy of dealing with false, misleading, and fraudulent advertising.

The board continued its work in the field of published periodicals. More than 500 cases in which complaint had been ordered based on unethical advertising copy in periodicals, were referred to the board by the commission.

Having entered its second year of existence last May, the board is taking over an increasingly larger volume of work and its procedure has been well established. See page 55.

### **COMPLAINTS AND ORDERS TO DESIST**

The commission carried on a large volume of work in connection with the administration of its central legal procedure which involves preliminary inquiry into application for complaint of unfair methods of competition or other violations, issuance of complaint and order to cease and desist, and the trial of cases in court.

A total of 1,505 preliminary inquiries was instituted during the year, which figure is only surpassed by that of 1,568 in 1924 and 1,612 in 1925.

Eleven investigations concerning alleged violations of the export trade act were begun.

Five hundred and thirty-five cases were docketed as applications for complaint while 172 formal complaints were docketed, which was the largest number of complaints so handled since 1921.

Forty-eight orders to cease and desist were issued during the year, bringing the total of such orders issued in the commission's history to 972.

Representative complaints are presented in summary form beginning on page 64 while there are digests in summary form beginning on page 182. Representative cases resulting in orders to cease and desist are outlined beginning on page 74 while all proceedings disposed of by this method during the year are digested, beginning on page 167.

In a majority of cases the respondents endeavor to comply with the commission's orders to cease and desist, so that only a minority of the cases are taken to court. Many of the matters in which deci-

sions were handed down by the courts during the fiscal year had been instituted in previous years.

### OUTSTANDING COURT CASES

Several of the commission's cases in the courts involve interesting applications of principles concerned with administration of the acts under which the commission operates.

In the case of *Raladam Co.*, page 102, the sale by a Detroit drug concern of an alleged cure for obesity, is the subject of the commission's order. The lower court asserts that "the general law of unfair competition uses the misleading of the ultimate retail purchaser as evidence of the primarily vital fact--injury to the lawful dealer," declaring that the commission "uses this ultimate presumed injury to the final user (the public) as itself the vital fact."

The court also assumes that the commission came into being as an aid to enforcement of the antitrust laws and that its lawful jurisdiction does not go beyond the limits of fair relationship to that policy.

The commission applied to the Supreme Court for a writ of certiorari. The petition was granted November 8. The review will be limited to the question of the jurisdiction of the commission.

Section 7 of the Clayton Act, barring acquisition of capital stock in a competing company, where the effect is to substantially lessen competition or tend to create a monopoly, received further interpretation in the *International Shoe Co.* case, page 93, in which the court held that where a shoe manufacturing company, acquiring substantially all common stock of another such concern sold about 95 per cent of its shoes in small towns, while the acquired company's trade was largely metropolitan and among a different class of dealers, such acquisition was not in violation of the Clayton Act, even though both manufacturers produced articles comparable in price and quality and adapted to the same need.

In *Temple Anthracite Coal Co.*, another Clayton Act, section 7, case, page 87, there is the question of a holding corporation acquiring stock of two competitive corporations and being directed by the commission to divest itself of the stock of one of these companies.

The public interest element in the commission's cases is brought out in the *Shade Shop* case, page 91, in which the court held that although the commission exercises a broad discretion in determining whether a proceeding would be in the public interest, "The mere fact that it is to the interest of the community that private rights shall be respected is not enough to support a finding of public interests."

Two cases in the courts concern opposition to the efforts of the commission to obtain information deemed necessary to the conduct of its special business investigations. The *Electric Bond & Share Co.* case, involving records desired for the investigation of public utilities, is covered on pages 14 and 105.

In the *Millers' National Federation* case, page 106, in which the commission seeks the right to certain records in its inquiry on bread and flour, a stipulation of facts, signed by counsel for both sides, contains the agreement that all of the letters and

documents included in the subpoenas issued by the commission and directed to the Millers'

National Federation “are pertinent, relevant, and material to some one or more of the subjects of inquiry\* \* \*,” and that “none of said documents are private or confidential in the sense that they would be privileged from production as evidence if lawfully required in a trial before a court.”

Several cases before the commission involving the proper labeling of cigars may be affected by an ultimate decision in the Bayuk Cigars case. See page 92.

Summaries of all the commission’s cases in the United States Circuit Courts of Appeals and the Supreme Court of the United States are to be found beginning on page 84.

## PUBLIC-UTILITIES INVESTIGATION

During the fiscal year ending June 30, 1930, the commission continued its investigation pursuant to Senate Resolution 83, Seventieth Congress, first session,<sup>1</sup> and reported, as directed, monthly to the Senate. The testimony has been printed by the Senate as parts 17 to 25, inclusive, and the exhibits as parts 17 to 25, inclusive, to accompany the testimony. The transmission and printing of the exhibits was in response to Senate Resolution 112, dated September 9. <sup>1</sup>

The hearings on the propaganda or publicity phase so far as covered by association activities has been substantially completed. The direct publicity activities of various companies and groups will be put on record in connection with the financial hearings of such groups and companies.

Beginning January 8, 1930, the utilities presented their defense to the publicity and propaganda activities, which had been disclosed by exhibits from their files and records and by witnesses, who for the most part, were officers and employees of the several associations. This defense, including the exhibits offered, are printed in parts 18 and 19 of the Senate print of the record and exhibits.

Hearings on the American Gas & Electric Co. group, covering all phases of the Senate resolution, but dealing chiefly with financial structure, were begun February 24, 1930. At that time the commission's staff of experts, examiners, and accountants began the presentation of the facts, and certain conclusions, covering that group. Counsel for each company were advised that they were at liberty to cross-examine the commission's witnesses, and to offer witnesses of their own.

Before the summer recess of this year testimony, exhibits, and reports, devoted largely to the financial phases of the inquiry, and covering the following companies and groups, had been placed on record:

Name of company	Hearings began-
American Gas & Electric Co	Feb.24, 1930
Appalachian Electric Power Co	Feb. 27,1930
Ohio Power Co	Do.
Indiana & Michigan Electric Co	Mar. 4,1930
Scranton Electric Co	Mar. 5,1930
Electric Bond & Share Co	Apr. 16,1930
Two Rector Street Corporation	Do
American Power & Light Corporation	Apr. 30, 1930
Electric Power & Light corporation	May 6,1930
National Power & Light Co	June 23, 1930
Electric Investors (Inc.)	June 25, 1930
W. B. Foshay Co	June 13, 1930
Public Utilities Consolidated corporation	June 12, 1930
Investors National corporation	June 16, 1930
Foshay Building corporation	June 17, 1930

<sup>1</sup> Full text of these resolutions may be read on pp. 233 and 234.

The testimony and essential exhibits have now been printed as part 22 to 25 of the record and exhibits, as transmitted to the Senate.

The hearings on the financial structure and other phases of additional companies and groups will be resumed this fall and presented during the coming season as rapidly as they are ready for presentation.<sup>2</sup>

### **THE AMERICAN GAS & ELECTRIC CO. GROUP**

On the American Gas & Electric Co. group, 12 days' hearings were held, the first on February 24, 1930, and the last on March 14, 1930. The American Gas & Electric Co. is a management as well as holding company, and its system embraces 10 subsidiary operating utility companies operating in 9 States. Separate reports were made and put into the record on four of these, that is, Appalachian Electric Power Co., Ohio Power Co., Indiana & Michigan Electric Co and Scranton Electric Co.

The operation of eight of these utility companies is connected by a main transmission line running northwest from the southern line of Virginia to points in southern Michigan, with branch lines into Tennessee and Kentucky, and with two detached operations in Pennsylvania and New Jersey.

The hearings covered chiefly the financial and management aspects of the American Gas & Electric group, including (1) growth of capital assets and capital liabilities, (2) the issues of securities and the proceeds and expenses of such issues, (3) the extent of interest of the holding company in subsidiary public utilities and other companies and their relations with each other, (4) the services furnished to the public utility companies by the holding company or associated companies, and the earnings and expenses connected therewith, (5) the advantages or disadvantages of holding companies, (6) their activities with respect to municipal ownership, and other matters specified in Senate Resolution 83.

### **ELECTRIC BOND & SHARE Co. GROUP**

From April 16, 1930, to June 26, 1930, 15 days' hearings were held on the Electric Bond & Share Co. group, which included Electric Bond & Share Co., Two Rector Street Corporation, American Power & Light Co., Electric Power & Light Corporation, and National Power & Light Co. groups. The matters covered were organization capital structure, assets, liabilities, supervision agreements, and publicity activities. These and other items were put in evidence.

Consideration of these groups was not completed due to inability to procure full access to records. Determination of the commission's right to such access is now pending in the case as referred to on page 105.

### **AMERICAN POWER & LIGHT CO.**

On the American Power & Light Co. group, four days' hearings were held, the first on April 30 and the final on May 6, 1930.

<sup>2</sup> On Sept. 29 to Oct. 2 hearings were held on Carolina Power & Light co. and Minnesota Power & Light

Co.

The American Power & Light Co. is a holding company. It occupies offices at No. 2 Rector Street., New York, the home of the Electric Bond & Share Co. Its officers and employees are officers and employees of the Electric Bond & Share Co., and their salaries are paid by it.

In 1929 subsidiary operating companies in the American Power & Light Co. group, operated in 13 states in widely separated parts of the country. Ten of these operating companies were extensively engaged in interstate transmission of electric energy.

The chief points covered by these hearings were the organization, control, and financial aspects of the American Power & Light Co., including (1) the growth of its capital assets and capital liabilities, (2) the issue of its securities and the proceeds and expenses of such issues, (3) its financial transactions with its subsidiaries, and (4) the rates of return on its investments in operating companies.

#### ELECTRIC POWER & LIGHT CORPORATION

About four days' hearings were held on the Electric Power & Light Corporation beginning May 6 and ending May 9, 1930. This company is a subholding company in the Electric Bond & Share Co. group and controls 9 operating electric and gas companies operating in 10 States. In the case of 6 of these companies a large proportion of the electric energy transmitted by them crossed State lines. It is staffed and officered by employees and officers of the Electric Bond & Share Co. and their salaries and expenses are paid by Bond & Share.

The chief points covered were similar to those stated as to the American Power, & Light Co. group above.

#### NATIONAL POWER & LIGHT CO.

Two days' hearings were held on the National Power & Light Co., June 23 and 24, 1930. The National Power & Light Co. is also a subholding company in the Electric Bond & Share Co. It's officers and employees are all officers or employees of Bond & Share Co. and their salaries and expenses are paid by the latter company. In 1929 the National Power & Light Co. had 15 active operating electric and gas subsidiaries which operated in 6 States.

Four of the subsidiaries of the National Power & Light Co. transmitted electric energy across state lines in 1929, and one of these companies distributed electric energy directly to consumers in 2 States, while 11 companies each transmitted and distributed electric energy within a single State.

The chief points covered were as stated for the American Power & Light Co.

#### W. B. FOSHAY COMPANIES

Hearings were held on the w. B. Foshay companies, June 12, 13, 16, and 17, 1930. Operating companies' in this group operated in 13 States and in Alaska, Canada, and Central America. The Foshay Co. sold stock directly to the public through its own selling organizations in 26 States. W. B. Foshay Co., its subholding company, the

Public Utilities Consolidated Corporation, and the Foshay Building Corporation went into receivers' hands October 31, 1929.

The hearings covered the organization and development of W. B. Foshay Co. and associated companies and dealt extensively with the financial aspects of the group, including (1) growth of capital assets and capital liabilities, (2) the issues of securities and the proceeds and expenses of such issues, (3) methods employed in selling its securities directly to the public and the volume of such sales, (4) the extent of interest of the holding company in subsidiary public utilities and other companies and their relations with each other, (5) the services furnished to the public utility companies by the holding company or associated companies, and the earnings and expenses connected therewith, and (6) publicity activities.

### **THE ELECTRIC BOND & SHARE Co. CASE**

As was stated in the last annual report, the Electric Bond & Share Co. refused to produce certain records, and its officers and employees refused to answer certain questions which the commission deemed essential to the proper conduct of the investigation under Senate Resolution 83. In a suit commenced by the commission in the Federal district court for the Southern District of New York to compel such production and answers, Judge Knox handed down an opinion July 18, 1929, in which he sustained the right of the commission to require answers to the questions but denied its claim for production of the records.

Judge Knox gave permission to take additional proof before a master, in the event either party was not satisfied with certain assumptions of fact on which he based his opinion. All parties consenting, a master was appointed January 7, 1930. It is anticipated that the hearings before the master will be held in the fall of 1930 on those facts as to which agreements can not be reached.

In the meantime the commission has proceeded under Senate Resolution 83 with the examination of those records, to which the company granted access, with the preparation of reports and public hearings thereon as to the Electric Bond & Share Co. and its principal holding and operating companies.

### **AMENDMENT OF ORGANIC ACT AGAIN SUGGESTED**

Renewal is made of the suggestion in the last annual report for an amendment to the commission's organic act to put beyond question the grant of specific authority to the commission to make investigations, upon the request of either House of the Congress in aid of its legislative function; and it is suggested that such an amendment might also set at rest any doubt as to the applicability of the provisions of section 9 of the act to such investigations and those authorized under section 6 (d) of the act (providing for investigations of alleged violations of the antitrust acts, upon direction of the President or either house of Congress).

## **BACKGROUND AND PROCEDURE**

The Federal Trade Commission is one of the “independent establishments” of the Government whose control is lodged, not in a cabinet officer, but in five commissioners appointed by the President. Not more than three of these members shall belong to the same political party, it is provided in the law, in order to make the commission nonpolitical and bipartisan.

The term of office of a commissioner is seven years, as provided in the Federal Trade Commission act. The first commissioners were designated to continue in office for periods of 3, 4, 5, 6, and 7 years, respectively, from the date the act became effective, but their successors were to be appointed for terms of seven years. Therefore, the term of each commissioner dates from the twenty-sixth of September preceding the time of his appointment, September 26 marking the day of passage of the act in 1914.

Personnel of the commission at the close of the recent fiscal year included the 5 commissioners and 445 employees, with a total pay-roll of \$1,298,400.

Appropriations available to the commission for the fiscal year 1930 totaled \$1,495,821.69.<sup>1</sup> This sum was made up of three items: (1) \$50,000 for commissioners' salaries, (2) \$1,390,971.82 for the general work of the commission, and (3) \$54,849.87 for printing and binding.

Expenditures and liabilities for the year amounted to \$1,465,447.75. Since the fire of August 30, 1930, the commission's principal offices in Washington have been at 1800 Virginia Avenue NW. Branch offices are maintained in New York, Chicago, San Francisco, and Seattle.

### **COMMISSION IS ORGANIZED IN 1915**

The commission was organized March 16, 1915, as a result of the passage of the Federal Trade Commission act, which became a law September 26, 1914. The nucleus of the new agency was the old Bureau of Corporations of the Department of Commerce, which ceased to exist as such upon formation of the commission although its work was taken over by the commission under what is now the economic division. The legal functions of the commission were brought into being by the act.

The Federal Trade Commission act is the foundation of the commission's activities, although there are two other acts which the commission administers, namely, several sections of the Clayton (antitrust) Act and the export trade act.

For years prior to passage of the Federal Trade Commission act there was widespread demand on the part of the public, especially through the medium of business men, commercial organizations and trade associations, for creation of an administrative agency of

<sup>1</sup> A detailed financial statement may be found on pages 25 and 26.



quasijudicial character to administer rules of business conduct so as to prevent unfair methods of competition in the channels of interstate trade.

With the increase of business and industrial activities situations were arising with such complications that owing to the fixed precedents the courts could not give such relief as would meet the public interest. The inflexibility of the law was illustrated in many important decisions of the Supreme Court and inferior courts of the United States subsequent to passage of the Sherman Antitrust Act in 1890, and prior to passage of the Federal Trade Commission act.

The courts appear to have had jurisdiction of an action for unfair competition only when a property right of the complainant was invaded. But the Federal Trade Commission act gave authority to the commission itself, when it had reason to believe that any person, partnership, or corporation was using unfair methods of competition in commerce, providing it appeared that a proceeding in respect thereof would be in the public interest, to institute a proceeding by complaint against such party. After a hearing the commission could, or good cause shown, require the party to cease and desist from the unlawful methods.

Before passage of the Federal Trade Commission act, unfair methods of competition were enjoined or damages procured through individual actions in the courts; a person claiming monetary damages as a result of another's "passing off" merchandise by simulation or misrepresentation, sought relief in a private action. After passage of the act additional relief was afforded the injured competitor, who could avail himself of the authority vested in the Federal Trade Commission under this organic act.

The Federal Trade Commission act supplements the Sherman Antitrust Act. The Sherman Act, the antitrust measure, commands business to compete and compels free competition, while the Federal Trade Commission act commands business to compete fairly, and compels that form of fair competition without which there can be no free competition.

### FUNCTIONS OF THE TRADE COMMISSION ACT

The trade commission act is aimed not at persons but at methods. Its function is remedial, not punitive, as no authority is vested in the commission to impose penalties. Its object is to protect the public, not to punish the offender. Its final function is an order to cease and desist. This carries no penalty but if the respondent to whom it is directed does not comply, then the commission has the right to petition the Federal courts for enforcement.

The important provision of the Federal Trade Commission act is that "unfair methods of competition in commerce are hereby declared unlawful." These words are the very essence of the act.

Discretion is given the commission in determining in the first instance what is or what is not an unfair method of competition in accordance with the practices, usages, and customs peculiar to a particular industry or business. The act provides that the findings of the commission as to the facts in any case, if supported by testimony, shall be conclusive, but such decisions of the commission, as

set forth in its findings and orders, are subject on appeal to review by the United States circuit courts of appeals.

In section 6 of the act the commission is given power “to gather and compile information concerning, and to investigate from time to time the organization, business, conduct, practices, and management of any corporation engaged in commerce, excepting banks and common carriers, \* \* \* and its relation to other corporations and to individuals, associations, and partnerships.”

The Clayton Act (approved October 15, 1914) is a part of the antitrust laws. It does not amend the Sherman Act, but supplements it. The sections assigned to the commission for administration are those relating to (sec. 2) price discrimination, (sec. 3) tying and exclusive contracts, (sec. 7) acquisitions of stock in a competing company, and (sec. 8) interlocking directorates. The remaining sections are in the jurisdiction of the Department of Justice, Interstate Commerce Commission, and the Federal Reserve Board.

The export trade act (Webb-Pomerene law), enacted in April, 1918, “to promote export trade,” offers exemption from antitrust laws to an association “entered into for the sole purpose of engaging in export trade and actually engaged solely in such export trade.”

Although the preponderance of cases continually before the commission relate to violations of the Federal Trade Commission act, the administration of both this act and the Clayton Act involve essentially the same procedure,<sup>2</sup> which, in general, may be described as follows:

### **DESCRIPTION OF PROCEDURE**

A case before the Federal Trade Commission may originate in several ways.

The most common origin is through application for complaint on the part of a competitor or from other public sources. Another way in which a case may begin is by direction of the commission.

No formality is required for anyone to make an application for a complaint. A letter setting forth the facts in detail is sufficient, but it should be accompanied by all evidence in possession of the complaining party in support of the charges being made.

When such an application is received, the commission, through its chief examiner, considers the essential jurisdictional elements. Is the practice complained of being carried on in interstate commerce? Does it come under jurisdiction of the Federal Trade Commission act prohibiting unfair methods of competition?<sup>3</sup> Would the prosecution of a complaint in this instance be in the public interest

It is essential that these three questions be capable of answer in the affirmative.

Frequently it is necessary to obtain additional data either by further correspondence or by a preliminary investigation before deciding whether to docket an “application for issuance of complaint.”

<sup>2</sup> For procedure under the export trade act see p.129, and for trade practice conference procedure, which is based on the procedure for the Federal Trade Commission Act, see p.38.

3 Or of one or more of those sections of the Clayton Act administered by the commission?

### INTERVIEWING THE RESPONDENT

Once an application is docketed it is assigned by the chief examiner to an examining attorney or a branch office of the commission for investigation. It is the duty of either to obtain all facts regarding the matter from both the applicant and the proposed respondent.

Without disclosing the name of the applicant, the examiner may interview the party complained against, advising of the charges and requesting submission of such evidence as is desired in defense or explanation.

After developing the facts from all available sources, the examining attorney summarizes the evidence in a final report, reviews the law applicable thereto, and makes a recommendation as to action.

The entire record is then reviewable by the chief examiner. If it appears to be complete, it is submitted with recommendation to the board of review or to the commission for consideration.

If submitted to the board of review, all records, including statements made by witnesses interviewed by the examiners, are reviewed and passed on to the commission with a detailed summary of the facts developed, an opinion based on the facts and the law, and the board's recommendation.

The board may recommend: (1) Dismissal of the application for lack of evidence in support of the charge or on the grounds that the charge indicated does not violate any law over which the commission has jurisdiction, or (2) dismissal of the application upon the signing by the proposed respondent of a stipulation of the facts and an agreement to cease and desist the unlawful practice charged, and (3) issuance of a complaint without further procedure.

Usually if the board believes that complaint should issue it grants the proposed respondent a hearing. Such hearing is informal, involving no taking of testimony.

### COMPLAINT IS ISSUED

The foregoing procedure is applied to all cases except those involving false and misleading advertising, the preliminary investigations of which are conducted by the special board of investigation. Up to the present point the procedure is informal and for the purpose of furnishing information to the commission. Nothing in regard to a case in the application stage is ever given out or made public. This is done for protection of the proposed respondent against whom a formal complaint has not been served.

In cases that have been settled by means of stipulation prior to issuance of formal complaint the name of the respondent is not revealed although the commission issues a publicity release setting forth only the facts for the information of the public and benefit of the industry involved.

Only after most careful scrutiny does the commission issue a complaint. Unlike the preliminary inquiries and application for complaint, which are informal, the complaint and the answer of respondent thereto are a public record.

A complaint is issued in the name of the commission in the public interest. It names a respondent and charges a violation of law, with a statement of the charges. The party

first complaining to the com-

mission is not a party to the complaint when issued by the commission, nor does the complaint seek to adjust matters between parties. It is to prevent unfair methods of competition for the protection of commission's rules of practice and procedure provide that in case the respondent desires to contest the proceeding he shall, within 30 days from service of the complaint, unless such time be extended by order of the commission, file with the commission an answer to the complaint. The rules of practice also specify a form of answer for use should the respondent decide to waive hearing on the charges.

Failure to file an answer within the time specified "shall be deemed to be an admission of all allegations of the complaint and to authorize the commission to find them to be true and to waive hearing on the charges set forth in the complaint."

### THE CASE GOES TO TRIAL

In a contested case the matter is set down for taking of testimony before a trial examiner. This may occupy varying lengths of time according to the seriousness of the charge or the availability and number of witnesses to be examined. Hearings may be held before a commission trial examiner, who may sit in various parts of the country, the commission and the respondent each being represented by its own attorneys.

After the taking of testimony and the submission of evidence on behalf of the commission in support of the complaint, and on behalf of the respondent, the trial examiner prepares a report of the facts for the information of the commission, counsel for the commission, and counsel for the respondent. Exceptions to the trial examiner's report may be taken by either counsel for the commission or counsel for the respondent, and if no exceptions are filed the trial examiner's findings of fact are accepted by the commission as final.

Within a stated time after receipt of the trial examiner's report briefs are filed and the case comes on for final argument before the full commission. Thereafter the commission reaches a decision either sustaining the charges of the complaint or dismissing the complaint.

If the complaint is sustained, the commission makes a report in which it states its findings as to the facts and conclusion that the law has been violated, and thereupon an order is issued requiring the respondent to cease and desist from such practices.

If the complaint is dismissed, an order of dismissal is entered.

These orders are the final functions of the commission as far as its own procedure is concerned. No direct penalty is attached to an order to cease and desist. but a respondent against whom it is directed is required within a specified time, usually 60 days, to report in writing the manner in which he is complying with the order. If he fails or neglects to obey an order while it is in effect, the commission may apply to a United States circuit court of appeals for enforcement. A respondent likewise may apply to such court of appeals for review of the commission's order, and these proceedings may be carried by either party on certiorari to the Supreme Court of the United States for final determination.

## **PART II. DIVISIONAL REPORTS**

ORGANIZATION

ADMINISTRATION

PUBLICATIONS

ECONOMIC DIVISION

TRADE PRACTICE CONFERENCES

CHIEF EXAMINER

BOARD OF REVIEW

SPECIAL BOARD OF INVESTIGATION

CHIEF TRIAL EXAMINER

CHIEF COUNSEL

COMPLAINTS

ORDERS

COURT CASES

TYPES OF UNFAIR COMPETITION

SUMMARY OF LEGAL WORK

EXPORT TRADE

## **DIVISIONAL ORGANIZATION**

### **WORK OF THE COMMISSIONERS**

Each January one of the five members of the Federal Trade Commission is designated to serve as chairman for the succeeding year. The position rotates, so that each commissioner serves at least one year during his term of office.

Duties of the chairman are necessarily more varied and numerous than are those of his colleagues. He signs the many official papers that go out daily, and confers with individuals and organizations who have matters to take up with the commission.

Official activities of the commissioners are generally similar in character, although each assumes broad supervisory charge of a different division of work. One commissioner maintains contact with the chief counsel and his staff; another keeps in touch with administrative functions and with the board of review, while trade-practice conferences, the trial examiners' division, and the special board of investigation make up the field of a third commissioner. A fourth and fifth commissioner have assigned to them, respectively, the economic division and the chief examiner.

However, all matters scheduled to be acted upon by the commission are dealt with by the board as a whole or a quorum thereof; consequently, the facts in all cases to come before the whole body are previously placed before the commissioners individually for their consideration.

The commissioners meet regularly for transaction of official business Mondays, Wednesdays, and Fridays, except in July and August when sessions are held only on call. They also conduct oral hearings, such as final arguments in cases before the commission and hearings on motion of the attorneys for either the commission or respondents. Besides these duties and their conferences with persons discussing official business, the members have a large amount of reading and study in connection with the numerous cases before them for decision.

The commissioners also attend the commission's trade-practice conferences held with industries in various parts of the country. One of them usually presides at such a conference.

The commission has a secretary, who is its executive officer.

### **HOW THE COMMISSION'S WORK IS DELEGATED**

The work of the commission is organized into the following general divisions: Administrative, legal, and economic.

The administrative division conducts the business affairs of the commission and is made up of units usually found in Government establishments, the functions of such units being governed largely by general statutes. These units are personnel, fiscal affairs, publi-

cations, editorial service (public information), dockets, mails and files, supplies, stenographic, and library.

The legal division is charged with investigation of unfair methods of competition and other practices condemned in the organic acts, and with trial of cases before the commission and in the courts. For convenience of procedure the general legal staff is subdivided into several agencies, which are also commonly called divisions. They are: The chief examiner's division, the board of review, the special board of investigation, the chief trial examiner's division, the chief counsel's division, trade-practice conference division, and the export-trade section.

The trade-practice conference division conducts preliminary inquiries to determine the feasibility of holding a conference for a given industry, and when such a conference is authorized by the commission it is arranged for by this division.

The economic division is delegated to carry out the general inquiries of the commission, whether directed by the President, by either House of Congress, or by the commission itself. Such general investigations are distinguished from investigations under the chief examiner which relate to specific acts or practices of particular persons or organizations.

#### **REPORTS ARE GROUPED ACCORDING TO FUNCTIONS**

Reports of the foregoing divisions follow in the succeeding pages. First come those relating to general functions of the commission; namely, administration, publications, and general business inquiries (economic division).

Then follow the chapters devoted to the commission's central legal procedure, beginning with an application for complaint as covered in the chief examiner's report an continuing through to complaint, trial, order, and review in court. Finally, the export-trade work, based on a special act of Congress, completes the list.

## **ADMINISTRATIVE DIVISION**

Carrying out the general orders of the commission relating to all administrative matters in connection with any part of the commission's work, the administrative division, among other things, performs the service of complaints, of orders to cease and desist and of other official papers, and has charge of all fiscal affairs and financial appropriations, the docketing of cases, administration of personnel, purchase of supplies and equipment, issuance of publications and public information, and the commission's library.

The division is responsible directly to the assistant secretary.

Reports of the various sections of the administrative division are as follows:

### **PERSONNEL OF THE COMMISSION**

Commissioner Ferguson was elected chairman of the commission for the calendar year 1930, succeeding Commissioner MCCULLOCH.

Members of the commission are as follows: Garland S. Ferguson, jr., of North Carolina; C. W. Hunt Iowa; William E Humphrey, Washington; Charles H. March, Minnesota; and Edgar A. MCCULLOCH, Arkansas.

The personnel of the commission at the close of the fiscal year consisted of 5 commissioners and 445 employees, with a total pay roll of \$1,298,400, which included \$50,000 for salaries of the commissioners, leaving a pay roll of \$1,248,400 for the 445 employees.

During the year 116 employees entered the service and 46 left the service of the commission. Of the total personnel, or 450, including the commissioners, at the close of June 30, 1930, 201 were under civil-service appointment and 244 employees and 5 commissioners held excepted positions.

At the close of the fiscal year the commission had 80 employees who have military preference on account of United States naval or military service. The total number of women employees was 138. The total number of employees coming under the provisions and benefits of the retirement law at the close of the fiscal year was 225. The amount of money deducted during the fiscal year from salaries of employees subject to provisions of the United States civil service retirement law was \$17,620.10. Of the grand total personnel of 450, including commissioners, 223 were administrative employees, 104 attorneys, 44 economists, and 79 accountants.

### **FISCAL AFFAIRS**

Appropriations available to the commission for the fiscal year 1930, under the executive and independent offices act approved February 20, 1929, amounted to \$1,255,821.69; under the deficiency act approved March 26, 1930, \$240,000; in all, \$1,495,821.69. This sum was made up of three separate items: (1) \$50,000 for salaries of the commissioners, (2) \$1,390,971.82 for the general work of the commission, and (3) \$54,849.87 for printing and binding.



Expenditures and liabilities for the year amounted to \$1,465,447.75, which leaves a balance of \$30,373.94. This represents a balance (1) of \$10,887.65 in the lump-sum appropriation and (2) \$19,486.29 in the printing and binding appropriation.

*Appropriations, expenditures, liabilities, and balances*

Item	Amount available	Amount expended	Liabilities	Expenditures and liabilities	Balances
Federal Trade Commission, 1930:					
Salaries, commissioners	\$50,000.00	\$50,000.00		\$50,000.00	
Printing and binding	54,849.87	25,509.30	\$9,854.28	35,363.58	\$19,486.29
All other authorized expenses	1,390,971.82	1,349,000.52	31,083.65	1,350,084.17	10,887.65
Total, fiscal year 1930	1,495,821.69	1,424,509.82	40,937.93	1,465,447.75	30,373.94
Unexpended balances:					
1929	26,472.77	22,740.00			3,732.77
1928	11,733.85	349.69			11,383.96
1927		Cr. 50.91			
Total	1,534,028.11	1,447,548.60			45,490.67

*Statement of costs for the fiscal year ended June 30, 1930*

Division	Office	Field	Total
Administrative	\$344,396.88		\$344,396.88
Economic	428,898.19	\$115,581.36	544,457.55
Legal:			
Chief counsel	149,059.21	19,521.26	188,580.47
Chief examiner	208,074.31	38,319.51	244,393.82
Board of review	24,922.77		24,922.77
Board of review No. 2	8,212.40		8,212.40
Special board of investigation	10,086.05		10,066.05
Trial examiner	58,253.32	8,149.73	64,403.05
Trade practice conference	37,733.98	5,836.55	43,570.53
Grand total	1,267,615.11	185,388.41	1,453,003.52

*Detailed statement of costs for the fiscal year ended June 30, 1930*

Item	Office	Field
Annual leave	\$87,982.01	
Application for complaints	48,443.94	\$9,189.50
Blue-sky securities	1,053.26	
Board of review	28,618.37	
Bread inquiry Senate Resolution No.163	1,314.08	50.00
Chain stores inquiry, Senate Resolution No.224	95,831.23	22,571.32
Communications	4,762.71	
Complaints, formal	103,412.03	26,712.91
Cottonseed inquiry, Senate Resolutions, Nos. 136 and 147	13,339.28	6,885.36
Court leave	2.71	
Docket section	20,680.18	
Economic supervision	30,516.47	
Equipment	18,889.80	
Export trade	5,639.83	393.33
Fiscal affairs	11,433.88	
General administration, commissioners, etc	86,362.34	
Heat and light	135.20	
Interstate power, Senate Resolution No.151	6,324.77	211.37
Labor	4,180.95	
Legal supervision	67,828.44	904.41
Library section	7,529.54	
Mails and file section	13,602.00	
Medical attendant	1,558.17	
Messengers	13,300.56	
Military leave	1,212.93	
Miscellaneous	311.87	

Miscellaneous, economic	3,188.07	
Miscellaneous, legal	1,697.01	
Newsprint paper, Senate Resolution No. 337	12,116.18	3,228.71

## 26 ANNUAL REPORT OF THE FEDERAL TRADE COMMISSION

*Detailed statement of costs for the fiscal year ended June 30, 1930--Continued*

Item	Office	Field
Peanut investigation, senate Resolution No.139	\$5,000.37	\$2, 610.00
Personnel section	10,957.89	
Power and gas inquiry, Senate Resolution No.83	216,737.43	92,146.82
Preliminary inquiries	44,150.75	11,031.32
Price bases	28,480.82	2,896.65
Printing and binding	25,858.93	
Publication section	20,415.89	
Purchases and supplies	6,097.55	
Rents	9,064.30	
Repairs	395.52	
Resale price maintenance	26,777.00	1,021.99
Sick leave	21,739.35	
Special board of investigation	12,540.49	
Stenographic	82,692.23	
Stipulations	11,419.99	
Study of procedure	202.79	1 14.14
Supplies	12,980.67	
Time excused by the Executive or commission's order	13,807.13	
Trade practice conference	30,979.10	5,748.86
Transportation of things	210.10	
Witness fees	1,085.00	
Witness subsistence	684.00	
	1,267,615.11	185,388.41
Total office expenses		1,267, 615.11
Total cost		1,453,003.52

1 Red entry figures.

*Adjustments.*--The following adjustments are made to account for the difference between costs and expenditures:

Total cost for the year ended June 30, 1930	\$1,453,003.52
Less transportation Issued	<u>47,072.69</u>
New total	1,405,930.83
Plus transportation paid	<u>41,617.77</u>
Expenditures for the year ended June 30, 1930	1,447,548.60

Appropriations available to the commission since its organization and expenditures for the same period, together with the unexpended balances, are shown in the following table:

Year	Appropriations	Expenditures	Balance
1915	\$184,016.23	\$90,442.05	\$93,574.18
1916	430,964.08	379,927.41	51,036.67
1917	567,025.92	472, 501.20	94,524.72
1918	1,608,865.92	1,452, 187.32	156,678.60
1919	1,753,530.75	1,522,331.95	231,198.50
1920	1,305, 708.82	1, 120,301.32	185,407.80
1921	1,032,005.67	938,664.69	93,340.89
1922	1,026,150.54	956,116.50	70,034.04
1923	974,480.32	970,119.66	4,360.66
1924	1,010, 000.00	977,018.28	32,981.72
1925	1,010,000.00	1,008,998.80	1,001.20
1926	1,008,000.00	996,745.58	11,254.42
1927	997,000.00	960,704.21	36,295.79
1928	984,350.00	972,966.04	11,383.96
1929	1,163,192.52	1,159,459.75	3,732.77
1930	1,495,821.69	1,465,447.75	30,373.94

DOCKET SECTION

The docket section is comparable to the office of a clerk of court, has responsible custody of records and files of pleadings, testimony, exhibits, correspondence, and related material in public legal proceedings, in investigations of applications for the issuance of

plaints, and general legal investigations; classifying, recording, assigning, and forwarding material, and performing related duties.

It serves all legal processes of the commission. It maintains the public docket, and furnishes information as to proceedings and procedure, and copies of papers to the public.

It prepares records for certification to United States circuit courts of appeals and for the use of the public. It maintains statistical records of legal work by the commission, its units, and of court proceedings; prepares text and statistics for monthly, special, and annual reports of legal work; and performs miscellaneous service in connection with the legal work of the commission.

### **EDITORIAL SERVICE**

The public information or editorial service of the commission prepares statements relating to the commission's action in its various cases and investigations and maintains contacts with that part of the public who follow the work of the commission from day to day. This office acts as a clearing house for information on commission activities, especially as a service to persons who desire this material for use in published form.

### **LIBRARY OF THE COMMISSION**

The library has a collection of more than 25,000 books, pamphlets, and bound periodicals devoted largely to law, economics, and industries. In addition are extensive files of clippings and leaflets.

Distinctive features of the economic collection are the files relating to corporation and trade association data and files of trade periodicals for the more important industries. There is a function peculiar to the commission's library in the character of work it performs, and that is in the material it gathers in the form of pamphlets, corporation reports, association records, current financial and statistical services, and trade lists which are not ordinarily found in libraries of even a technical character.

The greater amount is furnished gratuitously. This material provides a valuable adjunct to the investigatory work and is adapted to furnish leads to examinations rather than to complete and substantive information on the subject matter.

The law collection consists chiefly of the various national and regional reporter systems and the more important encyclopedias and reference books that are commonly found in law libraries. The distinctive feature is a file of records and briefs of antitrust cases which were acquired without expenditure.

Care is exercised to limit the purchase of books and periodicals to supply only those needed constantly and immediately in the commission's work. The commission is far removed from other Government libraries and must have available sufficient volumes to answer the ordinary requirements of the legal and economic force. The Library of Congress and the department libraries are freely drawn upon to supplement the

commission's limited collection.

## **PUBLICATIONS OF THE COMMISSION**

[Continuation of administrative division report]

Publications of the commission, reflecting the character and scope of the commission's work, vary in content and treatment from year to year, especially those documents covering general business inquiries. These reports are sometimes printed as commission publications and often as Senate or House documents, depending on which division of Congress directed the investigations from which they resulted, or whether these inquiries were made at the instance of the commission itself.

These studies are illustrated by appropriate charts, tables, and statistics. They deal not only with current developments in an industry but contain a wealth of scientific and historical background that proves valuable not only to members of the industry under consideration but to the student and the writer.

The findings and orders of the commission as published contain a mass of interesting material regarding business and industry. Written with legal exactitude, they tell, case by case, the story of unfair competition in commerce and of the efforts put forth by the commission to correct and eliminate it.

Wide discretion in issuing publications is given the commission by law. The statute says the commission shall have power--

To make public from time to time such portions of the information obtained by it hereunder, except trade secrets and names of customers, as it shall deem expedient in the public interest; and to make annual and special reports to the Congress and to submit therewith recommendations for additional legislation; and to provide for the publication of its reports and decisions in such form and manner as may be best adapted for public information and use.

Publications sold by the Superintendent of Documents during the fiscal year ending June 30, 1929 totaled 17,224 copies, sales amounting to \$1,017.54.

Many commission publications are out of print, while others are purchased from the Superintendent of Documents.

### **LIST OF PUBLICATIONS FOR CURRENT FISCAL YEAR**

The following publications were issued during the year:

Annual Report for the Fiscal Year Ended June 30, 1929; issued December 9, 1929; 234 pages.  
Decisions, Findings, and Orders of the Federal Trade Commission: Volume X (November 28, 1925, to November 4, 1920, Inclusive); Issued October 10, 1929; 791 pages. Volume XI (November 5, 1926, to January 29, 1928, inclusive); issued March 18, 1930; 783 pages.  
Trade Practice Conferences; issued July 1, 1929; 218 pages.  
Rules of Practice and Procedure, amended; Issued October 15, 1929; 17 pages.  
Utility Corporations No. 16.--A monthly report on the electric power and gas utilities Inquiry (in response to S. Res. 83, 70th Cong., 1st sess.; printed as S. Doc 92); Issued July 15, 1929; 99 pages.  
Utility Corporations No. 17.--A monthly report on the electric power and gas utilities Inquiry (In response to S. Res. 83, 70th Cong., 1st sess.; printed as S. Doc. 92); Issued October 15, 1929; 46 pages.

Utility Corporations Nos. 18 and 19.--Monthly reports on the electric power and gas utilities inquiry (In response to S. Res. 83, 70th Cong., 1st sess.; printed as S. Doc. 92); issued December 16, 1929, and January 20, 1930; 359 pages.

Utility Corporations No. 20.--A monthly report on the electric power and gas utilities inquiry (in response to S. Res. 83, 70th Cong., 1st sess.; printed as S. Doc. 92); issued February 15, 1930; 1 page.

Utility Corporations No. 21.--A monthly report on the electric power and gas utilities Inquiry (in response to S. Res. 83, 70th Cong., 1st sess.; printed as S. Doc. 92); issued March 15, 1930; 2 pages.

Utility Corporation No. 22.--A monthly report on the electric power and gas utilities inquiry (in response to S. Res. 83, 70th Cong., 1st sess.; printed as S. Doc. 92); issued April 17, 1930; 1,216 pages.

Utility Corporations No. 23.--A monthly report on the electric power and gas utilities inquiry (in response to S. Res. 83, 70th Cong., 1st sess.; printed as S. Doc. 92); issued May 15, 1930; 4 pages.

Exhibits 1 to 126 (to accompany part 1, S. Doc. 92, in response to S. Res. 83, 70th Cong., 1st sess.; printed as S. Doc. 12); Issued October 7, 1929; 570 pages.

Exhibits 127 to 717 (to accompany part 2, S. Doc. 92, in response to S. Res. 83, 70th Cong., 1st sess.; printed as S. Doc. 92); issued October 21, 1929; 804 pages.

Exhibits 718 to 1,434 (to accompany part 3, S. Doc. 92, In response to S. Res. 83, 70th Cong., 1st sess. ; printed as S. Doc. 92) ; issued November 12, 1929, 1,267 pages.

Exhibits 1,435 to 2,575 (to accompany part 4, S. Doc. 92, In response to S. Res. 83, 70th Cong., 1st sess. ; printed as S. Doc. 92); issued December 14, 1929; 952 pages.

Exhibits 2576 to 3,670 (to accompany parts 5 and 6, S. Doc. 92, in response to S. Res. 83, 70th Cong., 1st sess. ; printed as S. Doc. 92); Issued January 30, 1930 ; 1,123 pages.

Exhibits 3,671 to 4,047 (to accompany parts 7 to 9, inclusive, S. Doc. 92, in response to S. Res. 83, 70th Cong., 1st sess. ; printed as S. Doc. 92); Issued February 14, 1930; 507 pages.

Exhibits 4,048 to 4,489 (to accompany parts 10 to 16, inclusive, S. Doc. 92, in response to S. Res. 83, 70th Cong.; 1st sess. ; printed as S. Doc. 92); issued March 5, 1930; 1,028 pages.

Interstate Movement of Electric Power, interim report (in response to S. Res. 151, 71st Cong., 1st sess.) ; issued December 9, 1929; 1 page.

Interstate Movement of Electric Power, first quarterly interim report (in response to S. Res. 151, 71st Cong., 1st sess.) ; issued March 10, 1930; 3 pages.

Interstate Movement of Electric Power, second quarterly interim report (in response to S. Res. 151, 71st Cong., 1st sess.) ; Issued June 11, 1930; 2 pages.

Cottonseed Industry, interim report (in response to S. Res. 136 and S. Res. 147, 71st Cong., 1st sess. ; printed as S. Doc. 91); issued February 28, 1930; 4 pages.

Chain-Store System of Marketing and Distribution, interim report (in response to S. Res. 224, 70th Cong., 1st sess. ; printed as S. Doc. 146); issued May 12, 1930 ; 6 pages.

[Copies of the foregoing publications may be purchased from the Superintendent of Documents, Washington, D. C., for nominal sums.]

### PUBLICATIONS, 1915-1930

The complete list of publications issued from 1915 to 1930 is as follows:

Acts from which the commission derives its powers, with annotations, February, 1922; American Flags, Prices of, July 26, 1917; Annual Reports, 1915-1929.

Bakery Combines and Profits, February 9, 1927 ; Beet Sugar Industry, May 24, 1917; Book Paper Industry, August 15, 1917.

Calcium Arsenate Industry, March 3, 1923 ; Canned Foods, 1918, November 21, 1921; Canned Salmon, December 27, 1918 ; Canned Vegetables and Fruits, May 15, 1918.

Coal-Anthracite Prices, May 4, 1917; Anthracite and Bituminous, June 20, 1917; No.1 (Pennsylvania-Bituminous), June 30, 1919 ; No.2 (Pennsylvania-Anthracite), June 30, 1919; No.3 (Illinois-Bituminous), June 30, 1919; No.4

(Alabama, Tennessee, and Kentucky-Bituminous) , June 30, 1919; No.5 (Ohio, Indiana, and Michigan-Bituminous) , June 30, 1919; No. 6 (Maryland, Virginia, and West Virginia-Bituminous) , June 30, 1919 ; No. 7 (Trans-Mississippi-Bituminous) , June 30, 1919; Investment and Profits In Soft Coal Mining, May 31, 1922 ; Premium Prices of Anthracite, July 6, 1925.

Combed Cotton Yarns, April 14, 1921; Commercial Feeds, March 29, 1921; Commercial Wheat Flour Milling, September 15, 1920; Competition and Profits in Bread and Flour, January 11, 1928; Cooperation in American Export Trade, Parts 1 and 2, June 30, 1916; Cooperation in Foreign Countries, December 2, 1924; Cooperative Marketing, May 2, 1928; Copper, Cost of Production, June 30, 1919; Cottonseed Industry, March 5, 1928; Cotton Trade, Preliminary, February 23, 1923; Parts 1 and 2, April 28, 1924; Cotton Merchandising Practices, June 7, 1924; and Commercial Bribery, March 18, 1920.

Decisions, volume 1 (1915-1919) ; volume 2 (1919-20); volume 3 (1920--21); volume 4 (1921-22); volume 5 (1922-23); volume 6 (1923); volume 7 (1924); volume 8 (1924-25); volume 9 (March-November, 1925); and volume 10 (November, 1925- November, 1926).

Electric Power Industry-Control of Power Companies, February 22, 1927; supply of Electrical Equipment and Competitive Condition", January 12, 1928; Empire Cotton Growing Corporation, January 27, 1925 ; Export Grain, volume 1, May 16, 1922 ; volume 2, June 18, 1923.

Farm Implements, Causes of High Prices of, May 4, 1920 ; Fertilizer Industry, August 19, 1910 ; March 3, 1923 ; Flour Milling-Competitive Conditions In, May 3, 1926 ; Flour Milling and Jobbing, April 4, 1918 ; Foreign Trade Series, No.1, 1919 ; Functions of Federal Trade Commission, July 1, 1922 ; Fundamentals of a Cost System for Manufacturers, July, 1916.

Gasoline, Price of, in 1915, April 11, 1917; Grain Trade, volume 1 (Country Grain Marketing) , September 15, 1920 ; volume 2 (Terminal Grain Markets), September 15, 1920; volume 3 (Terminal Grain Marketing), December 21, 1921; volume 4 (Middlemen's Profits), September 26, 1923; volume 5 (Future Trading Operations), September 15, 1920; volume 6 (Prices of Grain and Grain Futures), September 10, 1924; volume 7 (Effects of Future Trading), June 25, 1926; Guarantee Against Price Decline, May 27, 1920.

High Cost of Living, April 30-May 1, 1917; House Furnishings, volume 1 (Household Furniture), January 17, 1923 ; volume 2 (Stoves), October 11, 1923; volume 3 (Kitchen Equipment and Domestic Appliances) , October 6, 1924.

Index Digest of Decisions, volumes 1, 2, and 3.

Leather and Shoe Industries, August 21, 1919 ; Lumber-Southern Pine Companies, May 1, 1922 ; Lumber Manufacturers' Trade Associations, March 29, 1922.

Meat Packing Industry, Maximum Profit Limitations on, September 25, 1919; Summary and Part 1, June 24, 1919 ; Part 2, November 25, 1918 ; Part 3, June 28, 1919; Part 4, June 30, 1919; Part 5, June 28, 1919 ; Part 6, December, 1919; Milk and Milk Products, June 6, 1921.

National Wealth and Income, May 25, 1926 ; Newsprint Paper Industry, June 13, 1917 ; Northern Hemlock and Hardwood Manufacturers, May 7, 1923.

Open-Price Trade Associations, February 13, 1929.

Packers' Consent Decree, December 8, 1924 ; Petroleum Industry, Foreign Ownership in, February 12, 1923 ; Pacific Coast, Part 1, April 7, 1921 ; Part 2, November 28, 1921; Prices, Profits, and Competition, December 12, 1927; Petroleum Industry of Wyoming, January 3, 1921 ; Petroleum Panhandle Crude, February 3, 1928 ; Petroleum, Pipe Line Transportation of, February 28, 1916; Petroleum Products, Advance In Prices of, June 1, 1920 ; Petroleum Trade in Wyoming and Montana, July 13, 1922 ; Price Associations, Letter to President, 1921 ; Private Car Lines, June 27, 1919 ; Profiteering, June 29, 1918.

Radio Industry, December 1, 1923 ; Resale Price Maintenance, June 30, 1919; January 30, 1929 (Part I) ; Rules of Practice, with amendments, February 1, 1924 ; Rules of Practice and Procedure, June 30, 1927 ; January 1, 1928 ; October 1, 1928 ; October 15, 1929; July 15, 1930.

Shoe and Leather Costs and Prices, June 10, 1921; Southern Livestock Prices, February 2, 1920 ; Steel-Pittsburgh Basing Point for, October 15, 1919 ; Steel-War-Time Costs and Profits, February 18, 1925 ; Stock Dividends, December 5, 1927; Sugar Supply and Prices, November 15, 1920 ; System of Accounts for Retail Merchants, July, 1916.

Taxation and Tax Exempt Income, June 6, 1924 ; Tobacco Industry, December 11, 1920 ; Tobacco-Prices of Tobacco Products, January 17, 1922 ; Tobacco---

Report on American Tobacco Co. and Imperial Tobacco Co. (S. Doc. 34), December 23, 1925; Trade Marks, Patents, Etc.; Extracts from the Trading with the Enemy Act and Executive Order of October 12, 1917; Trade Practice Submittals, July 1, 1925 ; Trade Practice Conferences, September 15, 1927; March 15, 1928; July 1, 1929; Trade and Tariffs in South American Countries, June 30, 1916; Trust Laws and Unfair Competition, March 15, 1915.

Uniform Contracts and Cost Accounting Definitions, July, 1917 ; Utility Corporations (testimony) , 21 volumes, March 15, 1928, to March 17, 1930 (exhibits) , 7 volumes, October 7, 1929, to March 5, 1930.

Western Red Cedar Association, January 24, 1923 ; Wheat Flour Milling Industry, May 16, 1924 ; Wheat Prices for 1920 Crop, December 13, 1920; Wholesale Marketing of Food, June 30, 1919 ; and Woolen Rag Trade, June 30, 1919.

## ECONOMIC DIVISION

### GENERAL INQUIRIES OF THE COMMISSION

The general inquiries of the commission, whether directed by the President, by either House of Congress, or by the commission itself, are usually assigned to the economic division.

Such general inquiries, or "investigations," to use the language of the Federal Trade Commission act, are distinguished from "proceedings" which relate to specific acts or practices of particular persons, companies, or organizations, with respect to which the commission has administrative power to exercise some degree of regulation. Where the investigation is general the method of inquiry is of a less formal character and has been conducted with the full cooperation of the private business concerns interested.

The purposes of such general inquiries are usually to discover if something is amiss in a given industry and with a view to determining how conditions might be remedied. This applies particularly to the need for further legislation and the form of legislation which might be recommended to Congress.

Many of these inquiries have been made by the economic division and in several important instances they have led to constructive legislation by Congress.

During the fiscal year ending June 30, 1930, the following inquiries were in progress:

*Power and gas utilities.*--Inquiry directed by Senate Resolution 83 (70th Cong., 1st sess.), February 13 (calendar day, February 15), 1928.

*Interstate power.*--Inquiry directed by Senate Resolution 151 (71st Cong., 1st sess.), November 8, 1929.

*Chain stores.*--Inquiry directed by Senate Resolution 224 (70th Cong., 1st sess.), May 3 (calendar day, May 12), 1928.

*Resale price maintenance.*--Inquiry directed by the commission, July 25, 1927.

*Price bases.*--Inquiry directed by the commission, July 27, 1927.

*Blue-sky securities.*--Inquiry directed by the commission, July 27, 1927.

The principal published results of the inquiries made by the economic division during the fiscal year are contained in the reports and other materials put into the record of proceedings in the hearings on power and gas utilities. These reports deal with the physical plants, corporate organization, company interrelations, capital structure, earnings, expenses, and management of certain groups of holding companies, service companies, and operating utilities, especially of the American Gas & Electric Co, and of the Electric Bond & Share Co.

Other publications prepared by the economic division and issued during the year were three quarterly interim reports with regard to the interstate power inquiry (dated December 8, 1929, March 8 and June 8, 1930) and monthly interim reports regarding the power and gas inquiry, prepared jointly with the chief counsel's division. These interim reports, however, are naturally more important as statements



of progress of work than as informative of the results of these inquiries.

Subsequent to the close of the fiscal year, the offices of the Federal Trade Commission were wrecked by fire, and serious losses were sustained with respect to accounting and statistical data collected and reports in the course of preparation. The inquiry into power and gas utilities was the one most seriously affected.

Inquiries conducted during the year are summarized as follows:

### **POWER AND GAS UTILITIES**

Hearings on the financial phases, company interrelations, and service organization of power and gas utilities, directed by Senate Resolution 83, Seventieth Congress, first session, were begun in February, 1929, following completion of the general hearings on public-utility methods of publicity and on public-utility ownership interests in newspapers. Before the close of the fiscal year, hearings were held on the following companies:

American Gas & Electric Co., Appalachian Electric Power Co., Indiana & Michigan Electric Co., Ohio Power Co., and the Scranton Electric Co.

Electric Bond and Share Securities Co., Electric Bond & Share Co., American Power & Light Co., Electric Power & Light Corporation, Electric Investors (Inc.), National Power & Light Co., Phoenix Utility Co., and Two Rector Street.

W. B. Foshay Co., Public Utilities Consolidated Corporation, investors National Corporation, and Foshay Building Corporation.

The output of electric energy produced by operating companies controlled by the American Gas & Electric Co., American Power & Light Co., Electric Power & Light Corporation, and National Power & Light Co. constitutes approximately 15 per cent of the total output for the United States. The output for the Foshay company is small.

The economic division of the commission obtained the accounting and financial data presented in these hearings and prepared the reports and exhibits introduced therein. The facts have been secured by the division's accountants and examiners through a detailed examination of the books of account, original vouchers, agreements and supporting papers in the offices of the various companies. Reports setting forth the facts developed were prepared, and the companies were allowed to check the figure and other statements of fact. Conferences were held with representatives of the companies prior to hearings at which any dispute as to facts was carefully considered.

Great difficulty has been experienced in some cases in obtaining access to the books of account and supporting records in connection with reorganizations and mergers. However, in many cases of refusal of access the more important facts have been gleaned from other sources, such as reports made to State utility commissions and State tax commissions.

The hearings already have developed a vast amount of information respecting the business methods of holding, service construction, and operating companies.

### INTERSTATE POWER INQUIRY

The interstate power inquiry was initiated by Senate Resolution 151, Seventy-first Congress, first session, adopted November 8, 1929. The resolution directs that interim reports of progress be made 30 days after the passage of the resolution and quarterly thereafter until the completion of the task. The first report dealt with the preparation of a questionnaire and with other plans. The first quarterly report stated that returns then received indicated a much larger total of interstate movement of electric energy in 1929 than figures compiled by a private agency for 1928. The second quarterly report gave a preliminary round-number total of outward movement from the States during the calendar year 1929 of 14,500,000,000 kilowatt-hours.

In the third quarterly report, prepared September 8, and made at a time when the final report had been substantially completed, the definite figure for exports of the 49 States (including the District of Columbia) was given as 14,505,190,623, and for imports, similarly, as 15,906,132,127. Ratios of exports to generated and of imports to consumed were stated at 15.31 and 19.65 per cent, for electric energy generated during the calendar year 1929 of 94,703,518,938 kilowatt-hours was obtained. After taking account of the fact that this excludes energy devoted to company uses as well as that generated by industrial plants for their own use-in order thus to arrive at the quantity generated for public use-it appears that this figure is comprehensive and adequate as the 100 per cent end of the above ratio.

Movement across State boundaries that are also international boundaries has been included in exports and imports. The difference between the total quantities exported and imported is substantially all due to imports across the Canadian boundary. But the larger ratio of imports to consumed is in part also due to the quantity consumed being much smaller than the quantity generated, owing to losses between points of generation and of consumption.

Quantities of energy recrossing the same State boundary back into the State of origin or crossing a second boundary were compiled. Upon deduction of these from the interstate-movement data, the ratio of exports to generated becomes 13.54 per cent and that of imports to consumed 17.57 per cent.

The final report will present details for the individual States, the ratios for which are in some cases of great interest.

### CHAIN STORES

The chain store inquiry was begun in response to Senate Resolution . 224, Seventieth Congress, first session. During the first year of the work on the inquiry, the schedules for chain stores and for wholesale dealers were mailed out and the organization and operating methods of several chains studied. Pressure of work on other inquiries and limited funds, however, made it impracticable to assign an adequate force to the inquiry. Owing to the smallness of the staff, therefore, comparatively little progress was made during the first year in

addition to that described above, except in elaborate planning for future work.

During the recent fiscal year, much better progress has been made, owing largely to the increase in the available personnel. A comprehensive study of comparative prices of chains and individual retailers was undertaken. This had been carefully planned many months previously and is one of the most difficult and important parts of the inquiry. It involves the gathering in various cities of the selling prices of several hundred grocery, drug, and tobacco items for both chain-store and individual merchants. The field work was begun in Washington, D.C., and subsequently continued in Cincinnati, Ohio, and Des Moines, Iowa.<sup>1</sup>

The field work for the first two cities mentioned was completed in January, when it became necessary to use the field force in the office to assist in tabulating the material gathered. In late March, additional employees were assigned to the inquiry and field work was resumed at Des Moines with a larger crew than had been employed in the first two cities. The Des Moines work was practically completed at the end of the fiscal year.

Further additions to the personnel of the inquiry late in the year made it possible to provide not only for continuing the gathering of information at a greater speed than formerly but also made it practicable to begin active work on the preparation of material for tabulation and analysis.

At the close of the fiscal year, schedules had been received from 1,663 chain systems operating 65,367 stores. Of the total chains thus reporting, 371 were grocery chains with 42,751 stores; 219 were shoe chains with 5,242 store's; 171 were drug chains with 1,904 stores; 223 were department, general, and dry-goods chains with 2,914 stores; 410 were clothing chains with 3,689 stores; 110 were variety chains with 4,035 stores; 42 were furniture and musical instrument chains with 277 stores; 38 were confectionery chains with 677 stores; 23 were tobacco chains with 3,394 stores; and 56 were hardware, lumber, and implement chains with 484 stores.

While no accurate statistics are available, these chains probably represent a majority of the chain-store business measured by the number of stores operated and an even larger proportion of such business measured in terms of volume as they include reports from nearly all of the larger chains.

Of the chains reporting 19 companies owning 500 stores or more operated a total of 38,605 stores, while 686 chains in the group owning 5 stores or less operated a total of only 2,008 stores.

In addition to the schedules received from chains, as outlined above, approximately 2,000 schedules were obtained from wholesalers, some 5,000 from individual retailers, and 325 from cooperative or "voluntary" groups. Only by persistently following up these schedules has it been possible to obtain as large a response as that shown above. Additional chain store and other schedules continue to be received each week as a result of this follow-up work. It is estimated that more than 160,000 pieces of outgoing mail have been handled by

<sup>1</sup> In October, 1930, a comparison of chain and independent store prices was begun in a fourth city,

Memphis, Tenn.

the inquiry during the year in addition to the thousands of incoming schedules and letters. As the returns to these schedules will furnish the basis for an important part of the report, a large number of replies is regarded as essential.

### **RESALE PRICE MAINTENANCE**

Part II of the commission's report, embodying results of the study of economic aspects of resale price maintenance, undertaken on the commission's own initiative under general powers outlined in the Federal Trade Commission act, was in an advanced stage of preparation at the end of the fiscal year ended June 30, 1930.

The first part of this report was transmitted to Congress in January, 1929, and dealt chiefly with the legal status of price maintenance and the experience and opinions of interested business classes and of consumers.

The second and final part of the report will discuss quantitative statistical data as to prices, margins, investments, and profits of various groups of manufacturers and distributors. So far as it is possible, in the absence of definite experience in this country under effective price maintenance, an effort will be made to relate such statistical data to the effects of "price cutting" and price maintenance. The results of field inquiries made by agents of the commission, in some cases covering phases of the subject that are not susceptible of definite statistical measurement, will also be discussed. Such conclusions and recommendations regarding the enactment of legislation respecting price maintenance as the commission deems warranted, will also be presented in this final part of the report.

### **GEOGRAPHIC BASES OF PRICE MAKING**

In accordance with a resolution of the commission adopted July 27, 1927, an inquiry was undertaken to develop the methods used by various industries in making the prices of commodities with respect to location, the reasons for adopting these methods, and their influences on prices and competitive conditions, and to formulate "any constructive measures which might be employed to promote greater efficiency, economy, or fairness in the methods of quoting or charging prices." The common variations in these methods are the making of prices effective at point of origin and at point of destination. The latter include the zoning system of price-making and single and multiple basing-point systems.

Involved in this inquiry are economic questions similar to those made in the commission's "Pittsburgh plus" case of a few years ago in the steel industry in which the single basing-point method of merchandising was in question. Other industries have identical or similar merchandising practices, the effects of which it is desired to ascertain.

Only a small staff has been available for the work of this inquiry and progress has necessarily been slow. Organization of the schedule material furnished by industries generally has continued through the year. The large, part of the work, however, has

been devoted, to specific industries, in regard to which information has been secured

through schedule, correspondence, and interview, and from office records of dealers and manufacturers and from trade organizations and certain governmental agencies. This information is being compiled and studied with reference to the principles involved and the effects of the practices in question. No report has been issued on this subject.

#### **BLUE-SKY SECURITIES**

The commission initiated an inquiry into the practice of selling so-called blue-sky securities. A draft report was submitted to the commission during the fiscal year and is now being considered.

## **TRADE-PRACTICE CONFERENCE DIVISION**

### **FIFTY-SEVEN CONFERENCES HELD IN FISCAL YEAR**

During the present fiscal year, trade-practice conferences have been held for 57 industries. This is nearly double the number held during the previous fiscal year and almost half the total number (125) held since the proceeding was originated in 1919.

Eight conferences previously authorized had not been held prior to the close of the fiscal year and applications from 23 industries were in various stages of completion at that time.

Results to the public from trade-practice conferences have proven incalculable in the form of voluntary elimination of methods of unfair competition which probably would otherwise remain undiscovered and in use; in the speedier benefits derived from such elimination as compared with the time required in accomplishing the same objective by other methods of procedure; and in the economies effected through the saving of expense to the public by obviating the necessity for investigations and trials of complaints.

### **TREND IS TOWARD HIGHER STANDARDS**

Results to industries, while incidental to the main purpose of the commission in holding trade-practice conferences, are shown by a generally recognized and clearly marked trend toward the use of higher standards of business conduct, superinduced largely through the cooperative nature of the trade-practice conference, bringing into closer relationship industries and the commission. Some suggestion of the financial benefits to industries which have held trade-practice conferences was expressed in dollars and cents in the last annual report, and the educational value is attested by the fact that many engaged in business and industry were not aware, until a trade-practice conference was held, that competitive methods commonly used by them constituted actual violations of law; or that the unnecessary cost of indulging in unfair competition and wasteful practices if abandoned at one and the same time by voluntary agreement of all in the industry may be transformed from an item of expense to an increase in profit without adding to the price paid by the ultimate purchasers other products.

### **TRADE-PRACTICE CONFERENCE PROCEDURE**

For the information of those previously unfamiliar with the system, it may be noted that the trade-practice conference affords a means through which representatives of an industry voluntarily assemble under auspices of the commission to consider unfair practices in their industry and collectively agree upon and provide for their abandonment in cooperation with and with the support of the commission

It is a procedure whereby business or industry may take the initiative in establishing self-government through making its own rules of business conduct, subject, of course, to sanction or acceptance by the commission.



The procedure deals with an industry as a unit. It is concerned solely with practices and methods, not with individual offenders. It regards the industry as occupying a position comparable to that of "friend of the court" and not as that of the accused. It tends to wipe out on a given date all unfair methods condemned at the conference and thus places all competitors on an equally fair competitive basis. It performs the same function as a formal complaint without bringing charges, prosecuting trials, or employing a compulsory process, but multiplies results by as many times as there are members in the industry who formerly practiced the methods condemned and voluntarily abandoned.

When a trade-practice conference is applied for, a preliminary inquiry is made by the trade-practice conference division, the result of which serves as a basis for determining whether the practices or methods used are unfair to competitors or against the public interest and whether the interest of the public is best served by calling a trade-practice conference for the particular industry. The commission is then advised as to the facts and the law and is given a recommendation as to the action to be taken with reference thereto. If the commission determines on a trade-practice conference, the industry is assembled at a place and time specified.

Such a conference may be called on the application of a representative group in an industry, such as a trade association. In every case the consensus of opinion of the entire industry is sought, and if a desire for such a conference is shown on the part of a sufficiently representative number the entire industry is invited to assemble at a time and place designated by the commission. A commissioner of the Federal Trade Commission presides, but in order to give the widest possible range to the discussion of practices which may be proposed and to preserve the voluntary character of the conference, those present are encouraged to organize by electing their own secretary for the conference.

After the industry has examined and freely discussed practices or methods, elimination of which would be beneficial and fair to all in the industry and to the public, resolutions are framed which, in the judgment of its representatives, are workable, and they are separately voted on.

Following the conference the proceedings are reported to the full commission through the division of trade-practice conferences. After consideration, such resolutions as are accepted and affirmatively approved by the commission are resubmitted to the industry with the understanding that they are to be returned within 30 days, along with suggestions for amendment, if any. If amendments are offered by the industry and approved by the commission, they are then incorporated in the resolutions, which become the final rules of the trade practice conference.

The procedure is predicated on the theory that the primary interest of the Federal Trade Commission is the interest of the public. The public is entitled to the benefits which flow from competition, and each competitor is entitled to fair competition. The legitimate interests of business are in perfect harmony with the true interest of the public. That which injures one undoubtedly injures the other, and the commission, in the trade-practice conference procedure, provides a medium through which, in

appropriate situa-

tions, the interests of both may be mutually protected in matters of competitive practices. It also offers, in the conferences, a common ground upon which competitors can meet, lay aside personal charges, jealousies, and misunderstandings, freely discuss practices of an unfair or harmful nature or otherwise not in the public interest, reach a basis of mutual understanding and confidence, and provide for the abandonment of such practices.

### **LIST OF TRADE-PRACTICE CONFERENCES**

Trade-practice conferences, held during the fiscal year 1929-30, are listed in the following pages.

#### **AMMUNITION MANUFACTURERS**

Conference held April 15, 1930, in New York, Commissioner Humphrey presiding.

#### **ATHLETIC GOODS INDUSTRIES**

Conference held May 7, 1930, in White Sulphur Springs, W. Va., Chairman Ferguson presiding.

Resolutions adopted were submitted to the commission for consideration and action, but the commission has not yet released its statement thereon.

#### **BANK AND COMMERCIAL STATIONERY TRADE**

Conference held June 12, 1930, in Washington, Chairman Ferguson presiding.

Resolutions adopted were submitted to the commission for consideration and action, but the commission has not yet released its statement thereon.

#### **BITUMINOUS-COAL INDUSTRY, UTAH**

Conference held December 3, 1929, in Salt Lake City, Commissioner William E. Humphrey presiding.

Commission's statement of action on rules released January 22, 1930.

#### **BOTTLE-CAP MANUFACTURERS**

Conference held May 27, 1930, in Chicago, Commissioner March presiding.

Resolutions adopted were submitted to the commission for consideration and action, but the commission has not yet released its statement thereon.

#### **CLOTHING COTTON CONVERTERS**

Conference held March 13, 1930, in New York, Commissioner MCCULLOCH presiding.

Resolutions adopted were submitted to the commission for consideration and action, but the commission has not yet released its statement thereon.

#### **COMMERCIAL COLD-STORAGE INDUSTRY**

Conference held July 2, 1929, at Radisson Hotel, Minneapolis, Commissioner March

presiding. Commission's statement of action

on rules released November 9, 1929. Rules became effective December 9, 1929.

**COMMON-BRICK MANUFACTURERS**

Conference held February 3, 1930, in Memphis, Commissioner Humphrey presiding. Resolutions adopted were submitted to the commission for consideration and action, but the commission has not yet released its statement thereon.

**CONCRETE MIXER AND PAVER INDUSTRY**

Conference held September 5, 1929, in French Lick, Ind., Commissioner MCCULLOCH presiding.

Commission's statement of action on rules released November 21, 1929.

**CRUSHED-STONE INDUSTRY**

Conference held January 23, 1930, in Cincinnati. Commissioner MCCULLOCH presided.

Commission's announcement of action on rules published April 15, 1930.

**DIRECT-SELLING COMPANIES**

Conference held October 11, 1929, in Dayton, Ohio, Commissioner Humphrey presiding.

Commission's official statement of action on rules released December 18, 1929. Commission's statement of acceptance of definitions of rules released February 10, 1930.

**ELECTRICAL INDUSTRY**

(Carbon group)

Conference held October 10, 1929, in Washington, Commissioner McCulloch presiding.

Commission's statement of action on rules released March 6, 1930.

(Flexible-cord and heater-cord group)

Conference held October 10, 1929, in Washington, Commissioner Edgar A. McCulloch presiding.

Commission's statement of action on rules released March 10, 1930.

(Manufactured electrical mica)

Conference held October 10, 1929, in Washington, Commissioner McCulloch presiding.

Commission's statement of action on rules released March 4, 1930.

(Molded-products group)

Conference held October 10, 1929, in Washington, Commissioner McCulloch presiding.

Commission's statement of action on rules released March 5, 1930.

(Outlet boxes and conduit fittings)

Conference held October 10, 1929, in Washington, Commissioner Edgar A.

McCulloch presiding.

Commission's statement of action on rules released March 3, 1930.

**(Vulcanized-fiber group)**

Conference held October 10, 1929, in Washington, Commissioner Edgar A. McCulloch presiding.

Commission's statement of action on rules released March 7, 1930.

**FIELD AND GRASS SEED INDUSTRY**

Conference held December 20, 1929, in Chicago, Commissioner Charles H. March presiding.

Commission's statement of action on rules released May 24, 1930.

**FLOOR AND WALL CLAY THE INDUSTRY**

Conference held in St. Louis, October 21, 1929, Commissioner McCulloch presiding.

Commission's statement of action on rules released January 18, 1930.

**FURNACE PIPE AND FITTINGS MANUFACTURERS**

Conference held April 11, 1930, in Chicago, Commissioner March presiding.

Resolutions adopted were submitted to the commission for consideration and action, but the commission has not yet released its Statement thereon.

**GREETING-CARD INDUSTRY**

Conference held September 10, 1929, in Washington, Commissioner C. W. Hunt presiding.

Commission's statement of action on rules released January 25, 1930.

**HARDWARE JOBBERS**

**(Southern States)**

Conference held October 18, 1929, in Washington, Commissioner Ferguson presiding.

Commission's statement of action on rules released Thursday, May 1, 1930.

**ICE CREAM**

**(District of Columbia)**

Conference held December 10, 1930, in Washington, Commissioner March presiding.

Resolutions adopted were submitted to the commission for consideration and action, but the commission has not yet released its statement thereon.

**JEWELRY INDUSTRY**

Conference held June 5, 1929, in Chicago, Commissioner March presiding.

Commission's first official statement of action on rules released October 28, 1929.

Second official statement of action creating one new rule and modifying four others, released December 23, 1929.

**JEWELRY**

**(School and college)**

Conference held June 27, 1930, in Chicago, Commissioner Hunt presiding.

Resolutions adopted were submitted to the commission for consideration and action, but the commission has not yet released its statement thereon.

**KNITTED OUTERWEAR INDUSTRY**

Conference held November 21, 1929, in Chicago, Commissioner March presiding. Commission's statement of action on rules released April 17, 1930.

**KNIT-UNDERWEAR INDUSTRY**

Conference held May 26, 1930, at Utica, N. Y., Commissioner McCulloch presiding. Commission's statement of its action on rules released July 7, 1930.

**LAKE SUPERIOR COAL-DOCK DEALERS**

Conference held January 4, 1930, in Chicago, Commissioner March presiding. Resolutions adopted were submitted to the commission for consideration and action, but the commission has not yet released its statement thereon.

**LEATHER BOARD INDUSTRY**

Conference held December 19, 1929, in Boston, Commissioner Humphrey presiding. Commission's statement of action on rules released April 25, 1930.

**MARBLE INDUSTRY**

Conference held June 18, 1930, in Chicago, Commissioner McCulloch presiding. Resolutions adopted were submitted to the commission for consideration and action, but the commission has not yet released its statement thereon.

**MEDICAL-GAS INDUSTRY**

Conference held November 25, 1929, in Indianapolis, Commissioner Humphrey presiding.

Commission's statement of action on rules released April 19, 1930.

**METAL-LATH INDUSTRY**

Conference held June 27, 1929, in Washington. Commissioner Humphrey presided. Commission's statement of action on rules released April 18, 1930.

**MILK AND ICE-CREAM CAN MAKERS**

Conference held March 21, 1930, in New York, Commissioner Humphrey presiding. Resolutions adopted were submitted to the commission for consideration and action, but the commission has not yet released its statement thereon.

**MIXED-FEED MANUFACTURERS**

(Southern States)

Conference held May 19, 1930, in Louisville, Commissioner March presiding.

Resolutions adopted were submitted to the commission for consideration and action, but the commission has not yet released its statement thereon.

#### **NAIL AND TACK INDUSTRY**

Conference held June 26, 1930, in New York, Chairman Ferguson presiding.

Resolutions adopted were submitted to the commission for consideration and action, but the commission has not yet released its statement thereon.

#### **NAVAL-STORES INDUSTRY**

Conference held June 11, 1929, in Washington, Commissioner Ferguson presiding.

Commission's statement of action on rules released January 20, 1930.

#### **NONFERROUS INGOT METAL INDUSTRY**

Conference held February 6, 1930, in Washington, Chairman Ferguson presiding.

Resolutions adopted were submitted to the commission for consideration and action, but the commission has not yet released its statement thereon.

#### **PAPER-BAG INDUSTRY**

Conference held December 3, 1929, in Washington, Commissioner March presiding.

Resolutions adopted were submitted to the commission for consideration and action, but the commission has not yet released its statement thereon.

#### **PIN MANUFACTURERS**

Conference held May 27, 1930, in New York, Commissioner Hunt presiding.

Resolutions adopted were submitted to the commission for consideration and action, but the commission has not yet released its Statement thereon.

#### **PIPE-NIPPLE MANUFACTURERS**

Conference held January 28, 1930, in Pittsburgh, Commissioner March presiding.

Resolutions adopted were submitted to the commission for consideration and action, but the commission has not yet released its statement thereon.

#### **PLUMBERS' AND POTTERS' CAST BRASS GOODS**

Conference held June 12, 1930, in New York, Commissioner Humphrey presiding.

Resolutions adopted were submitted to the commission for consideration and action, but the commission has not yet released its statement thereon.

#### **PORTABLE FIRE EXTINGUISHERS TRADE**

Conference held May 28, 1930, in Cleveland, M. Markham Flannery, Director of Trade Practice Conferences, presiding.

Resolutions adopted were submitted to the commission for consideration and action, but the commission has not yet released its Statement thereon.

**PRISON-EQUIPMENT INDUSTRY**

Conference held January 31, 1930, in Oklahoma City, Okla., Commissioner March presiding.

Resolutions adopted were Submitted to the commission for consideration and action, but the commission has not yet released its statement thereon.

**PUBLIC-SEATING INDUSTRY**

Conference held December 19, 1929, in Washington, Commissioner McCulloch presiding.

Commission's statement of action on rules released February 12, 1930.

**ROLL AND MACHINE TICKETS**

Conference held February 25, 1930, in Washington, Chairman Ferguson presiding. Resolutions adopted were submitted to the commission for consideration and action, but the commission has not yet released its statement thereon.

**SADDLERY-HARDWARE MANUFACTURERS**

Conference held April 15, 1930, in Washington, Chairman Ferguson presiding.

Resolutions adopted were submitted to the commission for consideration and action, but the commission has not yet released its statement thereon.

**SARDINE PACKERS**

(Maine)

Conference held May 1, 1930, in Bangor, Commissioner Hunt presiding.

Resolutions adopted were submitted to the commission for consideration and action, but the commission has not yet released its statement thereon.

**SCHIFFLI-EMBROIDERY INDUSTRY**

(New Jersey)

Conference held May 24, 1930, in West New York, N. J., Commissioner McCulloch presiding.

Resolutions adopted were Submitted to the commission for consideration and action, but the commission has not yet released its statement thereon.

**SET-UP PAPER BOX AND PAPER CAN, TUBE, AND DRUM INDUSTRIES**

Conference held February 27, 1930, in Cleveland, Commissioner McCulloch presiding.

Resolutions adopted were submitted to the commission for consideration and action, but the commission has not yet released its statement thereon.

**SLED INDUSTRY**

Conference held October 31, 1929, in Buffalo, Commissioner C. W. Hunt presiding.

Commission's statement of action on rules released January 21, 1930.

**SOLE AND BELTING LEATHER**

Conference held December 7, 1929, in New York, Chairman Ferguson presiding.

**SOLID-SECTION STEEL-WINDOW INDUSTRY**

Conference held November 18, 1929, in Washington. Commissioner March presided.

Commission's statement of action on rules released April 28, 1930.

**SOLVENTS INDUSTRY**

Conference held March 18, 1930, in New York, Commissioner March presiding.

Resolutions adopted were submitted to the commission for consideration and action, but the commission has not yet released its statement thereon.

**STRUCTURAL-CLAY TILE**

Conference held March 31, 1930, in St. Louis. Commissioner McCulloch presided.

Commission's statement of action on rules released June 11, 1930.

**STRUCTURAL-STEEL FABRICATING INDUSTRY**

Conference held in Biloxi, Miss., November 11, 1929, Commissioner Humphrey presiding.

Commission's statement of action on rules released January 24, 1930.

**VENEER FRUIT AND VEGETABLE PACKAGE INDUSTRY**

Conference held in Memphis, November 22, 1929, Commissioner McCulloch presiding.

Commission's statement of action on rules released January 23, 1930.

**WALL-PAPER INDUSTRY**

Conference held in New York February 11, 1930, Commissioner Hunt presiding.

Commission's statement of action on rules released May 22, 1930.

**WALNUT-WOODS INDUSTRY**

Conference held October 10, 1929, in Chicago, Commissioner Hunt presiding.

Commission's statement of action on rules released January 27, 1930.

**WARM-AIR FURNACE INDUSTRY**

Conference held October 23, 1929 in Cleveland, Commissioner McCulloch presiding.

Commission's statement of action on rules released January 19, 1930.

**WATCH-CASE INDUSTRY**

(Third conference)

Conference held February 21, 1930, in New York, Commissioner March presiding.

Resolutions adopted were submitted to the commission for consideration and action, but the commission has not yet released its statement thereon.

## **CHIEF EXAMINER**

[Beginning with the chief examiner's report, the remainder of Part II is devoted to the commission's legal procedure, including preliminary investigations and review, complaint, trial, order to cease and desist, review in the courts, and, finally, the separate procedure of the export trade act.]

The chief examiner supervises legal investigating work of the commission. This includes investigation of applications for complaints preliminary to the correction of unfair methods of competition under the laws administered by the commission. To this division are also referred special inquiries, primarily of a legal nature, which the commission may be directed to do by the President, either House of Congress, or the Attorney General.

### **COTTONSEED AND PEANUT PRICES INVESTIGATED**

Three special inquiries authorized by Congress and referred to the commission for investigation and report were carried on by the chief examiner's force during the year. These were (1) the investigation of the newsprint situation, final report on which was submitted at the close of the fiscal year, (2) the cottonseed price inquiry and (3) the peanut price survey.

These are extensive inquiries and involve, within the terms of the resolution, the investigation of an entire industry. In June, 1930, 11 attorneys or practically 25 per cent of the legal investigating force were engaged on such investigations. In one, the cottonseed investigation, a lengthy series of hearings is being held which adds materially to the work of the division. It is evident, therefore, that an increase in the regular force should be made so as to handle these investigations more expeditiously.

The scope of each inquiry is described in some detail below.

### **NEWSPRINT-PAPER INQUIRY**

Certain phases of the newsprint industry were investigated by the commission in accordance with the terms of Senate Resolution 337, Seventieth Congress, second session. The resolution directed the commission to ascertain whether the practices of the manufacturers and distributors of newsprint paper tended to create a monopoly in the supplying of newsprint paper to publishers of small daily and weekly newspapers and whether such practices constituted a violation of the antitrust laws. During the year this inquiry was completed and on June 30, 1930, a report to the Senate was submitted.

As a result of the above investigation, the following conclusions were reached:

1. There is no company selling newsprint paper in the eastern part of the United States with a sufficient proportion of the business to constitute a monopoly.
2. The possible monopoly, or tendency toward monopoly, by the Crown Zellerbach Corporation of the newsprint paper business in the Pacific Coast

States and the acquisition by the Crown Zellerbach Corporation of the capital stock of the Crown Willamette Paper Co., while controlling the Washington Pulp & Paper Co., are subject matters of a case now being further investigated by the commission.

3. No evidence was found of any practices of the domestic manufacturers and distributors of newsprint paper showing unlawful discriminations against the publishers of small daily and weekly newspapers, or that constitute violations of the antitrust laws.

4. While the International Paper Co. sells only about 20 per cent of the news-print paper consumed in the United States, other domestic manufacturers generally follow its lead in making newsprint prices.

5. The contracts entered into on February 26, 1929, between the International Paper Co. and the Newspaper and Magazine Paper Corporation, purchasing organization for the Hearst newspapers, and between the Hearst organization and each of the two Canadian companies, viz, the Anglo-Canadian Pulp & Paper Mills (Ltd.), and the Brompton Pulp & Paper Co. (Ltd.), resulted from the several agreements and understandings, reached at various conferences, between and/or among representatives of the Hearst organization, the International Paper Co., the Hon. L. A. Taschereau, prime minister of the Province of Quebec, and the Hon. G. Howard Ferguson, prime minister of the Province of Ontario. The two prime ministers were acting on behalf of the newspaper manufacturers of their respective Provinces. The purpose and the effect of the several agreements and understandings were to fix and establish the contract price of newsprint paper. The International Paper Co. was induced to agree to an increase in the price of newspaper to the Hearst papers by threats of disciplinary action on the part of the prime ministers.

6. It is believed that the Newsprint Institute of Canada, if formed and existing in the United States, would be in violation of the antitrust laws, including the antitrust provisions of the Wilson Tariff Act.

The Newsprint Institute of Canada is, however, a foreign combination and is not under the jurisdiction of the United States, unless it creates an agency in this country over which the Federal Government could have jurisdiction. No such agency has been found to exist in this country.

7. The International Paper Co. is the only manufacturer of newsprint paper which aided publishers to any appreciable extent in financing newspaper publications. The evidence gathered in this investigation tends to show that financial assistance was given in consideration of securing long-term contracts to supply the publishers so financed with newsprint paper by the International Paper Co. Since the beginning of this investigation the International Paper Co. has disposed of practically all of its stock and other securities in publishing companies.

The following recommendations were also made:

1. That publishers of small daily and weekly newspapers, wherever possible, "set up machinery" for purchasing their requirements of newsprint on a cooperative basis in order to get the benefit of the manufacturers' contract prices for paper in shipments of carload lots.

2. That the United States Government, through the appropriate departments, continue its experiments with the manufacture of paper from farm-waste products.

3. That the Government-owned timberlands and water-power sites in Alaska be made available to domestic-owned companies on liberal terms for the development of the paper industry in Alaska, having in mind, of course, the conserving and perpetuating of these natural resources.

4. That the future activities of the Newsprint Institute of Canada in relation to the sale of newsprint paper and the fixing of the market prices in the United States be watched closely with a view to remedial action if any agency is found to exist or is created within the United States for the enforcement of such activities as may be contrary to the antitrust laws of the United States.

### PEANUT-PRICE INQUIRY

The United States Senate, October 22, 1929, adopted the following resolution:

Resolved, That the Federal Trade Commission is hereby requested to make an immediate and thorough investigation of all facts relating to the alleged

combination in violation of the antitrust laws with respect to prices for peanuts by corporations operating peanut crushers and mills. The commission shall report to the Senate as soon as practicable the results of its investigation.

The above resolution was referred to the chief examiner for inquiry. The investigation is now in progress. The records of the important companies are being examined and as soon as completed a report will be drawn summarizing the facts disclosed.

### **COTTONSEED-PRICE INQUIRY**

Two resolutions involving an investigation of the cottonseed industry were adopted by the Seventy-first Congress at its first session, namely, resolutions 136 and 147.<sup>1</sup> Senate Resolution 136 provided for an investigation of the facts relating to an alleged combination in violation of the antitrust laws with respect to prices as to cotton seed and cottonseed meal. Senate Resolution 147 provided for investigation of the ownership and control of cotton gins by corporations operating cottonseed-oil mills and also for public hearings in connection with the investigation authorized by the two resolutions.

As a result, an extensive inquiry of the industry was begun in December, 1929. This included an examination of the records and correspondence files of all trade associations in the industry as well as many of the companies operating cottonseed-oil mills.

Public hearings were begun in Washington June 2, 1930, and will be continued at various points throughout the cotton-growing States. In accordance with a later Senate resolution, the record of these hearings is being transmitted to the Senate and printed for distribution.

### **PROGRESS SHOWN IN LEGAL INVESTIGATIONS**

Tables showing the number of matters handled by this division will be found on pages 117 and 118. During the year a total of 1,505 preliminary inquiries was instituted, of which 296 were docketed as formal applications. The total number of applications for complaints docketed for the year ending June 30, 1930, was 535. Six hundred and thirty-five applications were disposed of during the year, the largest number in any year of the commission's history. There were pending, however, at the close of the year, 754 applications, which do not include the undocketed inquiries under investigation.

A special effort has been made to eliminate from the active calendar those applications of long standing. Considerable progress has been made in the last two years and it is not believed that with the present force the average length of time of applications pending can be reduced much below that shown in the statement below.

<sup>1</sup> May be read in full text on pp.236 and 237.

Date	Docketed applications on hand 6 months or more	Average length of time all docketed applications on hand		Date	Docketed applications on hand 6 months or more	Average length of time all docketed applications on hand	
		Months	Days			Months	Days
1927				1929			
Feb. 15	84	10		Feb. 15	61	5	21
Apr. 15	70	7	21	Apr. 15	62	5	17
June 15	74	7	21	June 15	49	5	13
Aug. 15	74	7	25	Aug. 15	47	5	16
Oct. 15	85	7	29	Oct. 15	52	4	25
Dec. 15	101	8	26	Dec. 15	44	4	23
1928				1930			
Feb. 15	97	9	16	Feb. 15	41	4	22
Apr. 15	95	8	26	Apr. 15	42	4	21
June 15	86	8	13	June 15	46	4	4
Aug. 15	78	7	26				
Oct. 15	70	7	21				
Dec. 15	66	6	15				

It will be noted from the above that Since 1927 there has been practically a steady decrease in the number of applications pending more than six months and the average length of time each docketed application has been on the calendar. On February 15, 1927, 84 applications had been on hand six months or more and the average age of all applications on the calendar was 10 months, while on June 15, 1930, there were only 46 applications of that age on hand and the average age of all applications was only four months and four days.

### STOCK ACQUISITIONS, CONSOLIDATIONS, AND MERGERS

The commission and the Department of Justice have concurrent jurisdiction in the enforcement of section 7 of the Clayton Act. The difficulty of effective enforcement of this section was pointed out in preceding annual reports, particularly in the report of June 30, 1929. The decision of the United States Supreme Court in the cases against Western Meat Co., Swift & Co., and Thatcher Manufacturing Co. have limited and in a large measure nullified the application of the act.

The Clayton Act, as construed by the courts, applies only to the acquisition of stock and not assets. Because of the court's interpretation, it is possible for a corporation to substantially lessen or wholly eliminate competition between itself and its competitor or between two or more competing corporations engaged in commerce through acquisition of assets. Acquisition of assets, therefore, is now the usual procedure in effecting acquisitions, consolidations and mergers.

The commission is also without corrective power in any situation here a corporation has unlawfully purchased the stock of a competitor and before a complaint issues has voted or used such stock to complete the acquisition of physical assets. In situations of this kind it is the aim of the commission to issue complaint immediately upon completion of preliminary inquiry, but as considerable time is necessary in making such inquiry, jurisdiction is often lost. The effectiveness of the Clayton Act, therefore, has been considerably lessened by the above-referred-to decisions.

The effectiveness of section 7 of the Clayton Act was further weakened by the United States Supreme Court decision in the Interna-

tional Shoe Co. case, decided January 6, 1930, reversing judgment of the Circuit Court of Appeals for the First Circuit (29 Fed. (2d) 518). The court held that where a shoe company acquiring substantially all of the common stock of another shoe manufacturing company sold about 95 per cent of its shoes in towns having a population of 6,000 or less, while the company whose stock it acquired had made 95 per cent of its sales in larger towns or cities, and sold to different class of dealers, and found the ir way to separate markets, such acquisition was not in violation of the Clayton Act, even though both manufacturers were engaged in producing and selling men's dress shoes comparable in price and quality and adapted to the same need.

It was also held in that case that where, at the time of a stock acquisition the financial condition of the acquired company is such as to necessitate liquidation or sale and therefore the prospect for future competition or restraint is entirely eliminated, such stock acquisition is not in violation of the Clayton Act.

In conformity with the decision the commission is apparently obliged to produce evidence that competing interests sold their products in commerce through identical channels of distribution; must give due recognition to differences in style or design of products, and further can not accept mere evidence of solicitation of business in the same communities as evidence of competition.

The court has in effect also held that where 5 per cent or less of the competing products of each of the two or more competitors is sold in competitive markets, such competition is not substantial within the meaning of the Clayton Act. In view of court interpretations of the Clayton Act and attending difficulties, the commission has had occasion to issue only seven complaints involving section 7 during the year.

During the year 98 inquiries were instituted as possible violations of the Clayton Act; 71 such inquiries were pending at the beginning of the year and 43 at the close of the year, indicating the disposition of 126 matters during the year. Eleven of these matters were docketed, as applications for complaint five of which were still pending at the end of the year.

Of the preliminary inquiries disposed of during the year 49, or over a third involved acquisition of assets, so did not fall within the provisions of the act; 42 inquiries were filed without docketing because of lack of competition (or substantial competition) either because of territory served or because products involved were not competitive; 6 were filed because only intrastate sales were involved; 12 were filed because the acquisition, merger, or consolidation was not consummated; 1 was filed because the acquisition was for investment purposes; and 1 suspended because of Department of Justice action. As a result, only 11 indicated violation of law.

The year ending June 30, 1930, indicated a decrease in the number of acquisitions, consolidations, and mergers as compared with 1929. No official record is maintained or is practical to indicate the total number of acquisitions, consolidations, and mergers effected through out the country. However, the commission's observation of activity along this line has indicated a general let-up since the depression of November, 1929.

**CHIEF EXAMINER'S PROCEDURE DESCRIBED**

That part of the commission's central procedure administered by the chief examiner's division relates to investigations preliminary to the possible issuance of complaint. These inquiries originate in several ways, namely, (1) by direction of the commission, (2) by information obtained in other investigations, and (3) in the great majority of cases by direct application to the commission from competitors or the public, which may be affected by alleged unfair practices.

No formality is required in making an application for a complaint, a letter setting forth the facts in detail being sufficient, but it should be accompanied by all evidence in possession of the complaining party in support of the charges made. Such matters may be discussed with the chief examiner or the attorney in charge of a branch office of the commission prior to or at the time of filing.

When an application is received, the jurisdictional elements, such as interstate commerce, methods of competition involved, and public interest, are considered. In many cases it is necessary to supplement the data submitted by correspondence or by a preliminary investigation before deciding whether to docket an "application for the issuance of complaint." A much smaller percentage of the total inquiries received are now docketed than formerly due to the fact that precedents with respect to many practices have been established by the courts and the commission.

After an application is docketed it is assigned by the chief examiner to an examining attorney or a branch office for investigation. It is the duty of either to obtain all the facts regarding the matter from both the applicant and the respondent. Without disclosing the name of the applicant, the party complained against is approached, advised of the charges, and requested to submit such evidence as it desires in defense or explanation of its position. The examining attorney, after developing the facts from all available sources, summarizes the evidence in a final report, reviewing the law applicable thereto, and making a recommendation as to action. The entire record is then reviewed by the chief examiner, and, if it appears to be complete, is submitted with recommendation to the commission's board of review or the commissioners for their consideration.

The chief examiner also conducts, by direction of the commission or upon requests of other units, supplemental investigation of applications for complaints, of formal complaints where additional information is desired by the chief counsel, or suspected violations of the commission's orders to cease and desist. This includes the alleged violation of stipulations to cease from unfair practices entered into between respondents and the commission, the violation of resolutions subscribed to at trade-practice conferences or investigational work which may arise in connection with cases considered by the special board of investigation (concerning false and misleading or fraudulent advertising).

The investigational work of the commission is carried on from its main office at Washington, D. C., through its four branch offices located at 45 Broadway, New York City; 608 South Dearborn Street, Chicago; 544 Market Street, San Francisco; and 431 Lyon Building, Seattle. Business men may confer at these places with qualified representatives of the commission regarding cases and with reference to rulings made

by the commission.

## **BOARD OF REVIEW**

### **OUTLINE OF PROCEDURE**

Four lawyers at present constitute the board of review. Its chief duty is to review the entire record of a case after completion of the field investigation by the chief examiner's staff and before consideration by the commission.

When the chief examiner's division has completed an investigation, and the examining attorney has written a final report, opinion, and recommendation, and these have been reviewed by the chief examiner, the entire records goes to this board for review, opinion, and recommendation.

Two classes of cases are excepted from this procedure. First, those clearly involving practices previously held by the commission to be unlawful and which the respondent has expressed a willingness to abandon, such cases being sent to the chief trial examiner for stipulation to "cease and desist"; and, second, those cases in which both the examining attorney and the chief examiner have recommended dismissal, which go directly to the commission for consideration, but may thereafter be referred to the board for an opinion.

Statements of all witnesses interviewed by the commission's investigators, and all documentary evidence and exhibits obtained, as well as decisions cited in the reports of investigators, are considered by a member of the board to whom a case has been assigned for study, and his report is presented to the entire board for its consideration. When deemed necessary, the board may recommend that further investigation be made under direction of the chief examiner.

Ordinarily, if the board believes that complaint should issue it affords the proposed respondent a hearing, upon three weeks' notice by the secretary of the commission, to show cause why complaint should not issue. Such hearing is informal in character and does not involve the taking of testimony. The proposed respondent is permitted to appear in person or by counsel and to make or submit such statements of fact or law as he may desire.

However, when the board is of the opinion that a hearing is not required because (a) the respondent has been fully interviewed and has given to the examiner every fact or argument that could be offered as a defense, or (b) the practice has been fully established and is of such character that in the nature of the case nothing could be adduced in mitigation, or (c) to delay the issuance of a complaint to afford a hearing might result in a loss of jurisdiction, or (d) otherwise unnecessary or incompatible with the public interest, the board may then forego a hearing, and, with its conclusion and recommendation, transmit the case to the commission.

After full consideration of a case, either with or without a hearing, the board transmits its report to the commission. This report consists of (1) a summary of the facts developed, (2) an opinion based upon the facts and the law, and (3) the board's recommendation. The board may make one of three recommendations in any case; first, it may recommend dismissal of the application for lack of evidence in support of the charge or on the ground that the charge indicated does not violate any law over which the commission has jurisdiction; second, the board may recommend dismissal of the application upon the signing by the proposed respondent of a stipulation of the facts and an agreement to cease and desist the alleged unfair practice charged, to be prepared by the chief trial examiner, with the alternative recommendation of issuance of a complaint if the proposed respondent will not sign a suitable stipulation and agreement; and, third, the board may recommend issuance of a complaint without further procedure.

Whenever it appears to the board that a trade practice unfair to the public or competitors is prevalent in an industry, it is its duty to report such fact to the commission for reference to the trade practice conference division;

The full record in a case with the board's recommendation, is forwarded to individual commissioners in rotation. After study by each commissioner the case, with a memorandum embodying his recommendation, is presented by him to the full commission for its consideration.

#### SUMMARY OF WORK, 1929-30

The work of the board of review upon applications for complaint is presented in statistical form on page 118. During the current year the board was called upon to review 152 applications for complaint, of which 135 were forwarded during the year and 17 pending at the end. Of this number 33 applications were recommended for dismissal, 27 for complaint, 60 for stipulation, 4 were sent to the chief examiner for further investigation, while 9 were disposed of through other procedures. In connection with these applications 32 hearings were held.

## **SPECIAL BOARD OF INVESTIGATION**

### **RADIO ADVERTISING IS NOW IN BOARD'S JURISDICTION**

Jurisdiction over fraudulent advertising disseminated by means of radio broadcast was added during the fiscal year to the functions of the special board of investigation. The same general standards as applied to published advertising are employed in considering the radio field.

The board had referred to it 535 cases in which complaint had been ordered based on false and misleading or fraudulent advertising appearing in various publications.

Hearings were held in 115 cases, 90 of which were definitely disposed of on recommendation of the board. Action was taken in 138 other complaints pending although final disposition had not been effected. A number of these cases have been handled by correspondence but this method has not proved satisfactory.

The special board of investigation was created by order of the commission May 6, 1929, following adoption of a definite policy of dealing with false, misleading, and fraudulent advertising published in magazines, newspapers, and periodicals.

Composed of three of the commission's attorneys, the board was given general power to take jurisdiction over all matters referred to it, to carry out investigations, hold hearings and submit reports and recommendations directly to the commission.

Prior to creation of the board a large number of applications for complaints were filed charging publication of false and misleading advertisements, resulting in an order for issuance of complaints against numerous advertisers in many magazines, newspapers, and other publications.

### **AGENCY AND PUBLISHER ARE JOINED AS CORRESPONDENTS**

The commission deemed it advisable in the proper prosecution of such complaints to join the advertising agency and the publisher involved in each case as correspondents with the advertiser. To give publishers and advertising agencies an opportunity and option to stipulate and abide by the action of the commission without becoming or being made respondents to complaints, was one reason for creation of the new tribunal.

Hearings conducted by the board are informal. They have proven to be most effective in the development of the commission's policy. Many informal hearings have been held and publishers and advertising agencies uniformly elected to abide the action of the commission without becoming or being made parties respondent to the commission's complaints.

As an aid to immediate correction of the evils complained of, and to facilitate elimination of the objectionable matter against which



such complaints had been ordered to issue, the publishers and advertising agencies requested that the advertisers be given the option of like informal hearings to be granted on their petitions therefor.

The commission broadened the jurisdiction of the board giving to it the discretionary power to grant an informal hearing, upon his petition, to any advertiser against whom a complaint had been ordered to be issued. Petitions for a hearing before the board are usually granted, the advertiser being given the opportunity to appear in person or by counsel, and to submit or make such statements of fact or law as he may desire. These hearings are participated in not only by the advertiser but quite often by the agency that carries his account and assists in preparation of his advertising copy.

The advertiser and his advertising agency, as a result of these hearings, are engaged in so modifying their advertising copy as to bring it in conformity with the law, eliminating all matter to be charged as unlawful and unfair in such complaints.

In any case, the special board, if the advertiser, agency, and publisher so elect prepares tentative stipulations against future use of the objectionable matter, causes them to be executed by the proposed respondents, and submits them for such action as the commission may deem best in the premises.

In every case in which the special board shall be compelled to report that the advertiser, his agency, and the publisher have so elected, complaints are to issue under such former orders therefor and proceed to service.

The board, upon full consideration of the facts and law, may also prepare and submit direct to the commission its report containing a summary of the facts developed, together with its opinion based on the facts and law and its recommendation that the order for complaint be vacated where the evidence does not disclose a violation of law over which the commission has jurisdiction.

#### MEDICAL ADVERTISING PREDOMINATES IN COPY REVIEWED

A large percentage of the cases before the board pertain to alleged cure-alls, devices for therapeutic treatments, and drug and toilet preparations, and it is significant to note that the total amount of newspaper space devoted to advertisements of medical products and toilet articles in 1929, according to a survey conducted by a department of the Government in 50 representative cities was 81,146,000 lines. Foods and beverages were advertised to the extent of 74,241,000 lines, bringing the grand total of advertising of articles or services directly affecting the health of the consumer in these 50 cities to 155,387,000 lines.

A survey including leading monthly and weekly magazines, representative farm magazines and advertising by radio, discloses that during 1929 there was expended for national advertising \$231,629,-270, of which total \$64,260,218 or 27.7 per cent was to advertise products which directly affect the health of the consumer; namely, drugs and toilet articles, \$35,987,386; and foods and food beverages, \$28,272,832.

These are minimum figures, as the survey embraced only a number of leading periodicals. The amount listed for broadcasting covered

only two leading chains. All local advertising and advertisements of less than 14 agate lines were excluded.

The work of the special board has expedited the work of the commission and it can be stated that generally the publishers and advertising agencies have expressed approval of the commission's campaign against false and misleading and fraudulent advertising and have offered to cooperate to prevent the methods denounced by the commission, as well as to aid advertisers in so modifying their copy as to bring it at all times in conformity with the law.

The cooperation accorded the special board by the advertiser, publisher, and agency is a complete Vindication of the commission's policy in respect to its new method of procedure in cases dealing with false, misleading, and fraudulent advertising in newspapers, magazines, and periodicals. A continued vigorous prosecution of this work will be necessary to give to the commission and the public the full benefit of this cooperation.

## **TRIAL EXAMINERS' DIVISION**

### **NEW FUNCTION IS ADDED TO DUTIES OF STAFF**

The trial examiners' division, established by the commission December 1, 1925, functions under direct supervision of the commission. Duties of this division are subdivided as follows: (1) Presiding at the trial of formal complaints issued by the commission, (2) settlement of application for complaint by stipulation, and (3) presiding as a special master in taking testimony in connection with investigations under congressional resolutions.

The last-named duty was assigned to the division during the recent fiscal year and as the first result of it a member of the trial examiners' staff was detailed to act as presiding officer in hearings now being held in the South in connection with the commission's investigation of cottonseed prices as called for in two Senate resolutions. (For details of this inquiry see pages 49 and 236.

The two functions first listed, namely, presiding at the trial of formal complaints and settlement of applications for complaint by stipulation, will be considered separately, as follows:

#### **TRIAL EXAMINER PRESIDES AT TRIAL OF FORMAL CASES**

Under the procedure adopted by the commission, a trial examiner presides at the trial of all formal cases, and in the conduct of such proceedings rules on all motions of counsel and the admissibility of evidence and continues the hearing as necessity may require. At the close of a proceeding the trial examiner makes up the record and prepares a report upon the facts, which report he serves upon counsel for the commission and attorney for the respondent. The report, with exceptions taken thereto by counsel for the commission and attorney for the respondent, is the basis for argument at the final hearing before the commission.

#### **STIPULATION PROCEDURE IS APPLIED IN CERTAIN CASES**

In addition to presiding at hearings in formal cases, the trial examiners' division is also charged by the commission with settlement of applications for complaint by stipulation, except in cases where the practice is so fraudulent or so vicious that protection of the public demands the regular procedure of complaint. The question of whether a respondent shall be permitted to sign a stipulation is entirely within the discretion of the commission, as the disposition of a case by stipulation is not a right, but a privilege extended by the commission.

This division of the commission affords an agency to administer the commission's present policy providing for settlement of certain informal cases by stipulation.

The stipulation procedure provides an opportunity for the respondent to enter into a stipulation of the facts and voluntarily agree to cease and desist forever from the alleged unfair methods set forth therein. Such stipulation is subject to the final review and approval of the commission.

The procedure is simple. A potential respondent decides he would rather quit the practice of which complaint is made than go through with trial of a formal complaint. If the commission approves such course, he signs an agreement to "cease and desist forever" from the unfair practice with the understanding that should he ever resume it the facts as stipulated may be used in evidence against him in the trial of a complaint which the commission may issue.

#### FACTS ARE MADE PUBLIC--NAMES WITHHELD

The facts in each stipulation are made public to show methods of competition condemned by the commission as unfair, for the guidance of industry and protection of the public. However, names of respondents signing the agreements are usually deleted from the publicity although occasionally there is an exception to this rule and the facts of a stipulation are made a part of the public record.

Publicity regarding stipulations is especially valuable to the other members of an industry to which a signer of such an agreement belongs. With this in mind the commission, in releasing for publication the facts surrounding a given stipulation, emphasizes the name of the commodity or industry involved so that newspaper or trade paper representatives, trade association secretaries, and members of the industries concerned, may make note thereof.

Commodities mentioned in stipulations are of an infinite variety. Taken at random there would be such a list as follows: Hats, shoes, suit goods, fly-catching devices, tombstones, toy airplanes, perfumes, cigars, automobile accessories, malt extracts, hollow ware, Indian blankets, electrotherapeutic instruments, synthetic beverages, horseshoes, radio cabinets, sea food, and tooth paste.

The commission believes that its stipulation procedure is protecting the American consumer from numerous unfair methods of competition, which, in the aggregate, are an important consideration. It is apparent also that large sums of money that otherwise would be spent in litigation are being saved the public.

During the five years in which the stipulation system has been in effect, or as of June 30, 1930, a total of 672 stipulations had been approved and accepted by the commission.

A summary of all stipulation proceedings made public in the fiscal year may be found on page 220.

## **CHIEF COUNSEL**

The chief counsel is legal adviser to the commission and is charged with the duty of supervising preparation of complaints and other legal process directed by the commission, the prosecution and defense of all cases before the commission and in the courts, and the work of the export-trade section. He is also specifically charged at present with the duty of conducting the public hearings and certain other phases of the public utilities (electric power and gas) investigation under Senate Resolution No.83.

### **PUBLIC-UTILITIES INVESTIGATION**

By direction of the commission, the chief counsel's division was made responsible for that part of the public-utilities investigation relating to publicity or propaganda. During the fiscal year that branch of the inquiry was practically concluded so far as activities of associations are concerned, including the defense presented by counsel for the utilities associations.

The propaganda or publicity of the various companies, so far as not already developed under the association phase, will be picked up and made part of the examination of the affairs of the various companies when their financial structures are being put on record.

The chief counsel was directed by the commission to cooperate with the economic division and to conduct all public hearings. This has been done.

Due to the chief counsel's illness, there was some delay in the fall of 1929 in the resumption of the hearings. However, after the conclusion of the propaganda hearings, including the defense by the utilities, hearings were begun on February 24, 1930, as to various companies on all phases of the resolution and principally as to financial structure and capital matters. From that time until the end of the fiscal year, the hearings were conducted covering the following companies and groups:

American Gas & Electric Co.--  
Appalachian Electric Power Co.  
Ohio Power Co.  
Indiana & Michigan Electric Co.  
Scranton Electric Co.  
Electric Bond & Share Co.--  
Two Rector Street Corporation.  
American Power & Light Co.  
Electric Power & Light Corporation.  
National Power & Light Co.  
W. B. Foshay Co.--  
Public Utilities Consolidated Corporation.

(On September 29 to October 2, 1929, hearings were held on Carolina Power & Light Co. and Minnesota Power & Light Co.)



The hearings on the American Gas & Electric Co. group and the Foshay group covered all phases directed by the Senate resolution and are and have been practically completed. The hearings on the Electric Bond & Share Co. also covered all phases, but they are not complete in all respects, due to the failure of the company to permit complete access to its records. The commission brought action in court to establish its right and this case is still pending. Effort will be made to expedite it by stipulating facts as far as possible.

A more detailed description of the public utilities investigation appears at page 11.

#### COTTONSEED PRICES

One of the attorneys on the chief counsel's staff has been temporarily assigned to the chief examiner's division for the purpose of conducting public hearings authorized by Senate Resolution 136, Seventieth Congress, special session, and by Senate Resolution 147, Seventy-first Congress, first session, relating, respectively, to an alleged combination in violation of the antitrust laws with respect to prices for cottonseed and cottonseed meal by corporations operating cottonseed-oil mills; and to the charge that certain corporations operating cottonseed-oil mills have acquired control of cotton gins in order to destroy the competitive market for cottonseed and to depress the price paid to farmers for this commodity. Such hearings have been held at Washington D. C., Atlanta, Ga., Montgomery, Ala., and Raleigh, N. C.

#### CHIEF COUNSEL'S PROCEDURE IS DESCRIBED

That part of the commission's central procedure administered by the chief counsel, is described as follows:

#### ISSUANCE OF A COMPLAINT

It is only after the most careful scrutiny of the record that the commission issues a complaint. The commission must have, in the language of the statute, reason to believe that the law has been violated and that the public interest is involved before complaint issues. The complaint is the statutory means provided to bring before the commission a party charged with violation of laws within its jurisdiction. Unlike the preliminary inquiries and applications for complaint, which are held strictly confidential, the complaint and answer are a public record, and with the issuance of a complaint there is set up the formal docket, which, unless otherwise specifically directed by the commission, is open for public inspection after the complaint has been served upon the respondent.

A complaint is issued in the name of the commission in the public interest. It names a respondent and charges a violation of law, with a statement of the charges. The party first complaining to the commission is not a party to the complaint when issued by the commission; nor does the complaint seek to adjust matters between parties. It is to

prevent unfair methods of competition for the protection of the public.

## ANSWER TO A COMPLAINT

The commission's rules, of practice and procedure provide--

(1) In case of desire to contest the proceeding the respondent shall, within such time as the commission shall allow (not less than 30 days from the service of the complaint) file with the commission an answer to the complaint. Such answer shall contain a short and simple statement of the facts which constitute the ground of defense. Respondent shall specifically admit or deny or explain each of the facts alleged in the complaint, unless respondent is without knowledge, in which case respondent shall so state, such statement operating as a denial. Any allegation of the complaint not specifically denied In the answer, unless respondent shall state in the answer that respondent is without knowledge, shall be deemed to be admitted to be true and may be so found by the commission.

(2) In case respondent desires to waive hearing on the charges set forth in the complaint and not to contest the proceeding, the answer may consist of a statement that respondent refrains from contesting the proceeding or that respondent consents that the commission may make, enter, and serve upon respondent an order to cease and desist from the violations of the law alleged in the complaint, or that respondent admits all the allegations of the complaint to be true. Any such answer shall be deemed to be an admission of all the allegations of the complaint, to waive a hearing thereon, and to authorize the commission, without a trial, without evidence, and without findings as to the facts or other intervening procedure, to make, enter, issue, and serve upon respondent an order to cease and desist from the method or methods of competition charged in the complaint.

(3) Failure of the respondent to appear or to file answer within the time as above provided for shall be deemed to be an admission of all allegations of the complaint and to authorize the commission to find them to be true and to waive hearing on the charges set forth in the complaint.

## TRIAL OF A CASE

After complaints are issued the chief counsel is charged with the trial or other proper disposition of all cases. In a contested case the matter is set down for the taking of testimony before a trial examiner upon due notice to all parties respondent. After the taking of testimony and the submission of evidence on behalf of the commission, in support of the complaint, and on behalf of the respondent the trial examiner prepares a report of the facts for the information of the commission, counsel for the commission, and counsel for the respondent. The trial examiner's report is informative only and is not binding on the commission.

Within a stated time after receipt of the trial examiner's report briefs are filed and then the case comes on for final argument before the full commission. Thereafter the commission reaches a decision either sustaining the charges of the complaint or dismissing the complaint. If the complaint is sustained, the commission makes a report in which it states its findings as to the facts and conclusion that the law has been violated, and there upon an order is issued requiring the respondent to cease and desist from such practices. If the complaint is dismissed, an order of dismissal is entered.

Respondents against whom orders to cease and desist have been directed are required within a specified time, usually 60 days, to report in writing the manner in which they are complying with the provisions of the commission's order. If a respondent fails or neglects to obey the order while it is in effect, the commission may apply to a United States Circuit Court of Appeals for enforcement thereof. Respondents may likewise apply to a United States Cir-

cuit Court of Appeals for review of the commission's orders. Either party may apply for certiorari to the Supreme Court of the United States, which, if granted, brings the case before it for final determination.

All court proceedings are supervised by the chief counsel through the assistant chief counsel in charge of appellate work.

#### SUMMARY OF WORK, 1930

The work of the export-trade section is reported at pages 125 to 141. That of the public-utilities investigation is described at page 11. The volume of other work of the chief counsel's office is concisely expressed in the statistical tables to be found on pages 117 to 124 of this report. Complete synopses of complaints disposed of by orders of dismissal or orders to cease and desist entered during the year and all cases pending at its close will be found on pages 167 to 181, and pages 182 to 219.

## **REPRESENTATIVE COMPLAINTS**

[Continuation of chief counsel's report]

In the course of the performance of its duties, the commission is called upon to protect the public from unfair and monopolistic business practices.

All but nine of the 172 complaints issued during the year charged unfair methods of competition violative of section 5 of the Federal Trade Commission act.

Violations of section 7 of the Clayton Act by acquisition of capital Stock of competing concerns were charged in 7 complaints. There was one complaint alleging violation of section 3 of the Clay-ton Act (tying contracts) and one complaint under section 2 of the same statute (price discrimination) which also included a charge of violation of section 5 of the Federal Trade Commission act. No complaint under section 8 of the Clayton Act (interlocking directors) was issued during the fiscal year.

Herewith are presented brief summaries of the charges contained in a few of the complaints issued by the commission during the fiscal year. These complaints are fairly representative.<sup>1</sup>

Acquisition of competitors' capital stock.--Seven complaints were issued by the commission charging violations of section 7 of the Clayton Act.

In one of these it was alleged that a holding corporation acquired all or a majority of the issued and outstanding capital stocks of 28 separate corporations, all of which were, at the time their stocks were acquired, engaged in selling, at wholesale, drugs, proprietary medicines, and other articles usual to the wholesale drug business and each in competition with the others, with the effect of substantially lessening competition between the acquired corporations, or between some of them, or to restrain commerce in drugs, proprietary medicines, etc., in the several sections or communities in which these corporations were engaged in commerce , or to tend to create in the respondent a monopoly of drugs, proprietary medicines, and other articles usual to the drug business.

In another complaint it was charged that a corporation manufacturing and selling alloy and other forms of steels acquired and now owns the entire capital stock of another corporation manufacturing alloy and other forms of steels , with the alleged effect of substantially lessening competition between the respondent and the corporation whose stock was so acquired and with the alleged effect of restraining commerce in the sale of alloy and other forms of steels in certain sections or communities of the United States, and of tending to create a monopoly in the respondent in alloy and other forms of steels.

<sup>1</sup> Attention is especially invited to the fact that most of these complaints are pending, and consequently the commission has reached no determination as to whether the law has been violated as charged therein.



Another complaint charged that a corporation engaged in the manufacture and sale of radio receiving sets and parts had acquired directly 83 1/3 per cent of the capital stock of a competing corporation engaged in the manufacture and sale of radio receiving sets and parts, with the alleged effect of substantially lessening competition between the two corporations.

The commission charged in another complaint that a corporation engaged in manufacturing ice-cream cones and other pastry products acquired the stock and share capital of six corporations independently engaged in the manufacture and sale of ice-cream cones and other food products, with the alleged effect of substantially lessening competition between the acquired corporations or some of them or of restraining commerce in certain sections and communities in said business or tending to create a monopoly therein.

It was also charged that a corporation engaged in the manufacture and sale of printing and lithographing inks, print rollers, varnishes dry colors, and other miscellaneous allied products, acquired all of the outstanding capital stock of a corporation manufacturing and selling photo-engraving, printing, and lithographing inks, rollers, lamps, etching, and newspaper machinery, and other miscellaneous allied products, with the alleged effect of substantially lessening competition between the respondent and the corporation whose stock was acquired and of restraining commerce between the two, and tending sale to create a monopoly in the respondent in the manufacture and sale of printing and lithographing inks, printing rollers, and other miscellaneous allied products, particularly in the western part of the United States.

The commission charged that a holding corporation acquired the capital stock of four separate corporations operating ostensibly as independent and competing companies and engaged in the manufacture and sale of wrapped and unwrapped drinking straws and wrapped toothpicks, with the alleged effect of establishing a monopoly in the drinking-straw trade and the alleged effect of substantially lessening and restraining competition in the toothpick trade.

In another complaint under section 7 of the Clayton Act the commission charged that a corporation engaged in the business of selling cigarettes acquired a substantial part of the capital stock of two other corporations engaged in the same business, with the alleged effect of substantially lessening competition between the corporations so acquired.

*Price discrimination and resale price maintenance.*--Complaint was brought in September, 1929, against a corporation engaged in the manufacture of insecticides, fungicides, and like products in which it is charged that respondent has allowed trade discounts in the marketing of its products and has classified its customers into groups according to an arbitrary basis of selection, other than as to whether they are wholesale or retail dealers, and has allowed to purchasers of the same quantity and quality of its products different discount rates according to said arbitrary classification of such purchasers by respondent.

It is further charged that the varying discount rates allowed by respondent are a discrimination in price between purchasers of re-

spondent's commodities for use, the alleged effect of which may be to substantially lessen competition in the distribution of said products between distributors thereof or dealers therein; and that such discrimination is not founded on difference in the grade, quality, or quantity of the commodity sold, and does not make only due allowance for difference in the cost of selling or transportation and is not made in good faith to meet competition in violation of section 2, Clayton Act.

The same respondent is also charged with having adopted and maintained a policy of resale price maintenance under which it has established and made known to the trade certain uniform minimum resale prices at which dealers handling certain products shall resell the same, in violation of section 5 of the Federal Trade Commission act.

In furtherance of this price-maintenance policy, it is charged that respondent arbitrarily classifies the purchasers of its products into two groups, to one of which it allows a trade discount materially less than is allowed to the others; and that the basis for this discrimination is in many instances the maintenance of or failure to maintain respondent's suggested minimum resale prices, and that the purchasers failing to maintain the suggested minimum resale prices are allowed only the smaller trade discount.

The alleged effect of said practices of respondent is to suppress competition among dealers in the distribution of its products and to constrain said dealers to sell the products at prices fixed by respondent and to deprive the public of the benefits of the free play of competition in price, in violation of section 5 of the Federal Trade Commission act.

*Tying and exclusive contracts.*--The commission issued a complaint in May, 1930, against a corporation engaged in leasing or licensing machinery, apparatus, or implements for the manufacture of ice-cream cones and cup pastry to the lessees, licensees or users thereof on the condition, agreement, or understanding that the lessees, licensees, or users thereof shall not purchase, lease, license or use the machinery, apparatus, or implements for making ice-cream cones or cup pastry of a competitor or competitors of the respondent, and it is alleged that the respondent has compelled its said licensees or lessees of its machinery, apparatus, or implements to use only the machinery, apparatus, or implements for making ice-cream cones or cup pastry leased or licensed by itself, and to refrain from using the machinery, apparatus, or implements for making ice-cream cones or cup pastry sold, leased, or licensed by a competitor or competitors of respondent; and has prevented any other manufacturer of machinery, apparatus, or implements for making ice-cream cones or cup pastry from selling, leasing, or licensing same to any jobbers of confectionery, baking companies, or other dealers in ice-cream cones or cup pastry who lease or license from respondent machinery, apparatus, or other implements used of" making ice-cream cones or cup pastry.

The alleged effect of such contracts, agreements, or understandings is to substantially lessen competition between respondent and its competitors, or tend to create a monopoly in respondent in the aforesaid line of commerce in violation of the

provisions of section 3 of the Clayton Act.

*Resale price maintenance.*--Eight complaints were issued by the commission during the fiscal year in which respondents are charged with maintaining resale prices in violation of the law (sec. 5, Federal Trade Commission Act) .

A representative complaint on this subject was issued in February, 1930. A manufacturer of men's clothing was charged with practicing unfair methods of competition by enforcing a merchandising system of established uniform prices and maintaining specified uniform prices at which said clothing should be resold by retail dealers to the consuming public throughout the country.

In order to enforce said system and prevent sales at less than the resale prices so designated by respondent, it is alleged that respondent employed the following means:

Established and announced uniform prices at which retail dealers should resell said products to the consuming public; sought and secured assurances from retail dealers that they would not sell said products at prices other than specified by the respondent; refused to sell retail dealers direct who had cut prices on said products unless and until the dealers gave their assurances that they would not again cut respondent's suggested resale price; traced, by means of identifying numbers, the source of supply of retail dealers who were cutting the price on respondent's goods and after such tracing refused to sell to the dealer supplying the price-cutting dealer unless said dealer supplying the price-cutting dealer agreed to cease supplying the said price cutter; in some instances, required dealers to furnish it with the names of parties to whom goods afterwards offered at cut prices had been originally sold.

It is alleged in the complaint that the effect of these practices is to substantially lessen and suppress competition, to constrain dealers to sell respondent's products at prices fixed and established by it and to prevent them from reducing the price of said products as they may desire and to deprive the purchasing public of those advantages which they would obtain from the natural and unobstructed flow of commerce in said products under conditions of free competition.

*Misrepresentation, paints and roof coating.*--Complaint was issued against two respondents engaged in the business of advertising and selling paints and roof coating, charging them with unfair methods of competition (sec. 5, Federal Trade Commission act) in causing the roof coating or paints sold and distributed by them to be represented as "Liquid Asbestos Roofing" or as "Asbestos" and as "the finest indestructible rock asbestos," and that "It is fully guaranteed to wear for ten years and is one of the few genuine liquid asbestos roofings offered today," when the products so branded and described were not and are not made, in whole or in predominant part, of asbestos, do not contain the finest indestructible rock asbestos, and will not wear for 10 years.

The complaint further alleges that the respondents represented themselves to their purchasers and prospective purchasers as manufacturers, when they do not either manufacture, make, or fabricate the products offered for sale and sold by them, or own, control, operate, or manage any mill, factory, plant, or other place wherein said products have been or are being manufactured, made, or fabricated.

The complaint charges that such practices are unfair methods of competition because they have the capacity and tendency to mislead and deceive purchasers and prospective purchasers into the belief that respondents are bona fide manufacturers and that the products sold by them are made in whole or in predominant part of asbestos and will wear for 10 years.

In the answers to the complaint the respondents admit the use of the word "Asbestos" and the representations of their products as charged and admit that said products are not made of asbestos and that they are not made from the finest indestructible asbestos rock, and that they will not last for a period of 10 years; state that they are without knowledge as to whether the representations and practices complained of have the capacity and tendency to mislead and deceive prospective purchasers, but deny that their acts have been to the prejudice of the public or their competitors.

*Misrepresentation and misbranding.*--In March, 1930, the commission issued its complaint against a manufacturer and seller of blankets, charging it with unfair methods of competition (sec. 5, Federal Trade Commission act) in labeling and describing blankets manufactured by it composed partly of wool and partly of cotton, the wool content ranging approximately from 5 per cent to 75 per cent of the whole, and being for the most part less than 50 per cent, the remainder consisting of a cotton warp and a filler, as "Part Wool," "Wool and Cotton," or "Wool Mixed."

The complaint further alleges that nothing is included in the labels used, or in any other form descriptive of respondent's said products, which states or indicates the proportion of wool contained in the particular blankets to which said labels are attached respectively; that the trade-mark used by respondent consists of a picture of three sheep in an oval, which appears on some of its labels above described and on its stationery and billheads, together with the legend "Fine Wool Blankets"; and that respondent manufactures and sells also blankets which it labels "All Wool," of which the filler consists entirely of wool.

The complaint charges that owing to said practices, dealers and retailers sell respondent's said products without, in many cases, knowing or stating or indicating accurately to purchasers thereof the proportion of wool contained therein, whether they contain 5 per cent or 25 per cent of wool, or any other proportion thereof; and that said dealers and retailers represent to purchasers, in many cases, that said blankets contain a larger proportion of wool than they actually do contain, and that they are composed principally of wool or contain a substantial proportion thereof, when the wool content is less than 50 per cent and is, in some instances, not more than 10 per cent.

Such practices are alleged to be unfair methods of competition because they have the capacity and tendency to deceive customers of respondent, retailers, and the purchasing public as to the composition of respondent's product in respect of wool contents, and to cause them to believe that many of respondent's blankets contain a greater amount of wool than they do in fact contain.

In its answer the respondent admits using labels entitled "Part Wool" on blankets containing from 5 per cent to 75 per cent wool and that it had been using billheads

with the words “ Fine Wool

Blankets” but has given orders to stop the use of this phrase and to substitute the phrase “All-Wool and Part-Wool Blankets.”

Respondent further answers that it would be perfectly willing to indicate the exact percentage of wool contained in all of its blankets provided the balance of the industry was forced to do likewise.

*Agreements to suppress competition--Price discrimination--Coercion of manufacturers.*--In February, 1930, the commission issued a complaint (under sec. 5, Federal Trade Commission act) against a the and mantel contractors ‘ association and the individual members thereof charging respondents with undertakings and agreements with each other to prevent manufacturers of the from selling and ship-ping or causing to be shipped the to other the and mantel contractors engaged in the business of purchasing, laying, and placing the who were not members of the respondent association; or to prevent manufacturers of the from selling or shipping or causing to be shipped the to other the and mantel contractors engaged in the business of purchasing, laying, and placing the same, except at prices substantially higher than the prices at which said the is sold to the members of respondent association.

In order to carry out said undertakings and agreements it is alleged that respondent association and the members thereof employed the following means:

Notified the manufacturers or their representatives that if said manufacturers sell and supply the and mantel contractors not members of respondent association with the that respondents will cease purchasing the from such manufacturers; refused to admit to membership in respondent association other tile and mantel contractors who are desirous of joining said association in order that they may obtain tile at substantially the same price at which respondents obtain it.

In their answers to the complaints respondents make a general and specific denial of the allegations and thereafter, in May, 1930, filed a plea of nolo contendere.<sup>2</sup>

*Misrepresentation.*--The commission issued complaint (under sec. 5, Federal Trade Commission act) in January, 1930, against a corporation, and certain individuals as agents thereof, engaged in the sale of electric-lamp fixtures and parts in which the respondents are charged with obtaining exorbitant prices for their products, which are sold by traveling salesmen or canvassers employed by them to solicit orders or sales principally from the proprietors or managers of the smaller stores, shops, and business or professional offices, by the use of the following means:

Falsely representing by direct and indirect statements that the said salesmen and canvassers were employees of the electric-light company which was serving the local community with electric-light current and fixtures; falsely representing that the respondent corporation was in some way or other connected with sponsored, or controlled by said local electric-light company; falsely representing that the electric-light bulb or lamp of respondent corporation’s fixtures was a bulb of lesser watt capacity than the bulb in use in the prospective purchaser’s fixture and that the respondent corporation’s

<sup>2</sup> The commission, June 26, 1930, issued findings as to the facts and order to cease and desist.



fixture, if purchased and installed would, notwithstanding its lesser watt capacity, furnish the same or a greater illumination than the bulb or lamp in use by the prospective purchaser, would use less electric current, and so reduce the purchaser's expense for light, when in fact the bulb or lamp furnished with respondent corporation's fixture was of a greater watt capacity than represented or of the same watt capacity as used in the prospective purchaser's fixture, and would not use less electric current than the bulb or lamp then in use in the prospective purchaser's fixture and would not reduce the prospective purchaser's expense for light; falsely representing that they were leaving the respondent corporation's said fixture on trial and obtaining the prospective purchaser's signature to an alleged contract of sale for the fixtures by trick, or the false pretense that the prospective purchaser was signing a receipt showing merely a delivery of the fixtures represented to be left on trial; using and abusing the process of the law by placing attachments on the property of persons alleged to be purchasers of the said fixtures on such alleged contracts, fraudulently obtained to the knowledge of the respondents as above set forth, causing keepers to be put in charge of places of business of alleged purchasers on such attachments, and in other ways to extort payment from alleged purchasers of sd fixtures on said fraudulent alleged contracts of sale, to the great annoyance, expense, and distress of said alleged purchasers.

The alleged effect of the fraudulent methods and practices used by respondents has been to mislead and deceive the purchasing public into accepting deliveries of respondents' products in the belief that respondents' representations are true and to induce prospective purchasers to sign alleged contracts of purchase and sale of respondent corporation's said fixtures in the belief that they were signing receipts for delivery of the same for trial purposes and in the belief that they were not buying or obligating themselves to purchase the same to the injury and prejudice of the public and of the respondents competitors, and in violation of section 5 of the Federal Trade Commission act.

In their answers to the complaint the respondents make a general and specific denial of the allegations or deny that the practices are in violation of law as charged.

*Misrepresentation of woods.*--In December, 1929 the commission issued complaint (under sec. 5, Federal Trade Commission act) against a partnership engaged in the manufacture and sale of household and office furniture to wholesale and retail dealers located at various points of the United States, charging it with unfair methods of competition in advertising and representing the said household and office furniture as being "mahogany," "Philippine mahogany," and other purported species and kinds of mahogany, when said furniture is made of woods other than mahogany but resembling mahogany in general appearance.

The complaint further alleges that the representations made by respondent have had, and have the capacity and tendency to cause, many wholesale and retail dealers of household and office furniture to purchase same from respondent in the belief that the same are made of mahogany wood and have had, and have the capacity and tendency to cause, said wholesale and retail dealers to resell such household and office furniture

as and for furniture made of mahogany

wood and thus to cause the purchasing public to purchase such furniture made of said woods other than mahogany in the belief that the articles so purchased are made of mahogany wood.

It is alleged that the above acts and practices are to the prejudice of the public and respondent's competitors and in violation of section 5 of the Federal Trade Commission act.

Respondent in its answer to the complaint makes a general denial of the allegations and requests strict proof thereof.

Complaints involving substantially similar charges were issued during the year against 12 other concerns. The same question was before the commission in the Indiana Quartered Oak Co. case, in which its decision was sustained by the Circuit Court of Appeals (26 F. (2d) 340), certiorari being subsequently denied by the Supreme Court (278 U. S. 623).

*Agreements to maintain uniform prices and suppress competition in cotton flour, meal, and feed bags.*--During February, 1930 the commission issued a complaint (under sec. 5, Federal Trade Commission act) against a bag manufacturers' association, its officers and members, and 19 separate bag companies said companies all being engaged in the manufacture and sale of cotton and burlap flour, meal, and feed bags and the distribution of the same to flour and feed mills and to jobbers and wholesalers of said bags.

The respondents were charged with entering into an understanding, combination, and conspiracy among themselves, and with and through the respondent association, to restrict, restrain, and suppress competition in the sale and distribution in interstate commerce of said bags by fixing uniform prices, terms, and discounts, including arbitrary freight allowances and printing charges to be observed in the sale of said . by agreeing to maintain said uniform prices, terms, and discounts in the sale thereof; and by cooperating with each other in different ways in the maintenance of said prices, terms, discounts, allowances, and charges by exchanging directly or indirectly, through the secretary of respondent association, information as to prices and charges quoted and received for said cotton bags.

In February, 1930, the commission issued a complaint similar to the above complaint against an association and the officers and members thereof, said members being engaged in the business of manufacturing, mercerizing, and processing, including dyeing, tinting, bleaching, and gassing of plied cotton yarns, and in the sale and distribution of their finished products, generally known as mercerized plied cotton yarns to manufacturers of hosiery, underwear, and other garments throughout the United States. Respondents filed answers making a general denial of the allegations and averring specially that respondents have been and now are in active, normal competition with each other.

*Intimidation and coercion of customers and unlawful agreements to secure business.*--In April, 1930, the commission issued complaint (under sec. 5, Federal Trade Commission Act) against a corporation engaged in the manufacture of railway equipment, appliances, and supplies, particularly draft gears and centering devices, and in the sale of said products, directly or indirectly through sales agents, to railway companies, freight and passenger car builders, and other concerns, and against several individuals, who were and are large stockholders in said respondent corporation and

are also officials of

one of the large packers and distributors of meat products and by-products owning and operating refrigerator and other cars for that purpose, charging said respondents or understanding whereby said with entering into an agreement individual respondents agreed and promised to use the volume of traffic of said packing company and its subsidiary companies in the solicitation of draft gear business from certain railway companies in behalf of respondent corporation, and charging further that in consideration of said agreement or understanding the promoters or officials of respondent corporation assigned and transferred to the individual respondents a considerable number of shares of common stock of the respondent corporation and that said understanding or agreement was entered into by said individual respondents without the knowledge of the packing company and its stockholders.

The complaint also charges that the individual respondents, as traffic department and executive officials of the packing company, have sought to induce and compel, and have induced and compelled, various railway companies to purchase draft gears and other railway equipment manufactured and/or sold by respondent corporation, in preference to draft gears and other equipment of equal or higher quality manufactured and sold by competitors by the following methods: (a) By promises and assurances of freight traffic to be shipped over the lines of said railway companies by said packing company and its subsidiary corporations, (b) by promises and assurances of an increased volume of freight traffic to be shipped over the lines of said railway companies by said packing company and its subsidiary corporations, and (c) by threats of withdrawal of freight traffic from the lines of said railway companies by said packing company and its subsidiary corporations, if said railway companies would not purchase the said draft gears and other railway equipment manufactured, and/or sold by said respondent corporation.

It is further charged that the individual respondents, pursuant to the agreement or understanding aforesaid and at the request of the officials and promoters of respondent corporation, have cooperated with and assisted the respondent corporation in the sale and distribution of its draft gears and/or other railway equipment to various railway companies, particularly by utilizing their official positions in the said packing company to induce and compel the officials of railway companies to give undue preference to draft gears and/or other railway equipment manufactured and/or sold by the respondent corporation by means of promises of freight traffic from the packing company and its subsidiary corporations, and threats of withdrawal of said traffic if the said railway companies would not purchase draft gears and/or other railway equipment manufactured and/or sold by respondent corporation. The complaint charges that such practices are unfair methods of competition to the prejudice and injury of the public and competitors of respondent corporation and unduly tend to suppress competition between respondent corporation and competing manufacturers of draft gears and other railway equipment, and to create a monopoly in respondent corporation in the sale and distribution of draft gears and other railway equipment in violation of section 5 of the Federal Trade Commission act.

Respondents make a general and specific denial of the allegations of the complaint in their answers.

*Lottery cases.*--During the fiscal year the commission issued 46 complaints charging a violation, by the concerns named therein, of Section 5 of its organic act, by the use of various lottery methods in promoting the sale of their products--candy and chewing gum.

In a typical case, the respondent sells to wholesalers and jobbers packages or assortments of candy. One of these packages is composed of chocolate covered candy in pieces of uniform size, shape, and quality, together with a smaller number of larger pieces or articles of merchandise, or both, the larger pieces and merchandise to be given as prizes to purchasers of the smaller candies in the following manner: The majority of the smaller pieces, which retail for 1 cent, have centers of the same color, a smaller number having centers of a different color--the plan being that the purchaser who procures one of the latter description is entitled to receive free of charge one of the larger pieces or an article of merchandise, or both.

The purchaser of the last of the smaller pieces receives a similar reward. Another assortment consists of 40 candy bars of a uniform size, shape, and quality, each within a wrapper. Within the wrapper is a piece of paper which has printed thereon the retail price of the particular piece of candy, which may be 1 cent, 3 cents 4 cents, 5 cents, or free. The printed slip is effectually concealed from the consumer until he has removed the wrapper.

Still another assortment is composed of a number of pieces of candy of uniform size, shape, and quality, retailing for 1 cent each, a small number of which have concealed within them pieces of money.

Display cards, to be used by retailers in offering such candies to the public and describing the method of sale, are furnished the jobbers and wholesalers. It is alleged that the respondent by the practices above described, places in the hands of others a means of conducting lotteries in the sale of its products, and that these practices tend to and do induce many of the consuming public to purchase its candies in preference to those of its competitors.

In another typical case the respondent sells to wholesalers and jobbers an assortment consisting of 17 jars of candy, 1 being of a size which ordinarily retails for \$2, 4 usually selling at a retail price of 75 cents, and 12 for 50 cents--furnishing with each assortment a punchboard containing 200 holes and divided into four sections. Into each of the holes has been inserted a small slip of paper bearing a printed number, the numbers running from 1 to 200, inclusive. The slips are so placed in the punchboard that they can not be seen by the customer except when they are punched from the board.

The board bears the following legend: "5 cents per sale--Nos. 10, 20, 30, 40, 50, 60, 70, 80, 90, 100, 110, and 120 receive a 50-cent jar. Last punch in each section receives a 75-cent jar. Last sale on the board receives a \$2 jar." Each customer pays 5 cents for each punch, and those receiving numbers other than those above enumerated or who do not qualify by purchasing the last punch in each section or on the board, receive nothing for their money. It is alleged in this case also that the acts and practices of the

respondent are to the prejudice of the public and respondent's competitors.

## ORDERS TO CEASE AND DESIST

[Continuation of chief counsel's report]

### FORTY-EIGHT ORDERS ARE ISSUED IN FISCAL YEAR

The final expression of the Commission in a case where it finds the respondent to have violated the law, as alleged, is an order upon such respondent to cease and desist from the particular practices alleged in the complaint. The commission, during the year here reported upon, issued orders to cease and desist in 48 cases. All of these orders, except two, which covered violations of section 7 of the Clayton Act, covered violations of section 5 of the Federal Trade Commission act relating to unfair methods of competition. As in past years, respondents upon whom the commission served orders to cease and desist have in a great many cases accepted their terms and filed reports with the commission signifying compliance therewith.

The orders to cease and desist issued during the year are as follows:

#### *Orders to cease and desist during the year*

[For details see page 167]

Respondent	Location	Method of competition
Abraham Co., N. & Warehouse	San Francisco	False and misleading advertising.
Albany Billiard Bali Co	Albany	Combination in restraint of trade.
American School of Correspondence.	Chicago	False and misleading advertising; falsely claiming giving of gratuities, operating without profit and quotation of reduced prices; in inserting fictitious want ads.
American School of Home Economics.	do	Using fictitious indorsement; falsely claiming giving of gratuities and quotation of reduced prices.
Anita Institute	Newark	Misrepresenting therapeutic value.
Boal's Rolls Corporation	Chicago	Misbranding; misrepresenting therapeutic value.
Burton Brothers & Co., Inc	New York	Resale price maintenance; refusal to sell.
Bush, David V	Chicago	Misrepresenting therapeutic value; false and misleading advertising.
Cherry Blossoms Manufacturing Co.	St. Louis	Misbranding; false and misleading advertising.
Clarkson Co., David B	Chicago	Falsely claiming quotation of reduced prices; false and misleading advertising.
Clear Sight Spectacle Co	do	Falsely claiming giving of gratuities and quotation of reduced prices.
Consolidated Book Publishers (Inc.).	do	Selling one publication under two names; falsely claiming giving of gratuities and quotation of reduced prices.
Dixie Pecan Growers Exchange (Inc.).	Barnesville, Ga	False and misleading advertising.
Enterprise Furniture Factory	Reading., Pa	Falsely claiming to be manufacturers; misrepresenting equipment.
Espositer Varni, Co	New York	Passing off of goods; false and misleading advertising.
Ethyl Gas Co	Dallas	Passing off of name and goods; simulating trade name, signs, and advertising. of competitor.
Ethylene sales Co	do	Passing off of name and goods; simulating trade name, signs. and advertising. of competitor; falsely claiming to be a manufacturer.
Everitt & Graf (Inc.)	Milwaukee	Misbranding; false and misleading advertising.
Gibbors Knitting Mills (Inc.)	St. Louis	False and misleading advertising.
Glover, L	Chicago	False and misleading advertising.; using fictitious endorsements.



*Orders to cease and desist during the year*

[For details see page 167]

Respondent	Location	Method of competition
Griswold Lumber Co	Portland, Oreg	Misrepresenting. size and quantity; collecting refund in excess of freight charges prepaid.
Hamilton Garmet Co	New York	False and misleading advertising; falsely claiming to be importers and manufacturer.
Health Violet Products	Chicago	Misrepresenting therapeutic value; falsely claiming quoting of reduced prices.
Houze Convex Glass Co., L. J. Kelley, James	Point Marion, Pa New York	Misbranding; passing off of goods. Misbranding; falsely claiming to be manufacturer and to be quoting reduced prices; simulation of trade name misrepresentation of equipment.
Klimate-Pruf Manufacturing Co Knit-Firm (Inc.)	do do	Falsely claiming to be manufacturer. Falsely claiming to be manufacturer and importer; false and misleading advertising.
Marietta Manufacturing Co	Indianapolis	False and misleading advertising.
Merchants' Cooperative Advertising Service	Dallas	False and misleading advertising; falsely claiming to be affiliated with competitor; misrepresenting value of premiums; simulating trade name of competitor.
Morris, Charles E	New York	Falsely claiming to be manufacturer and wholesaler and to be quoting reduced prices.
Northwest The & Mantel Contractors' Association	Seattle	Combination to induce manufacturers to refuse to sell except to members of trade associations refusal to buy.
Pan American Manufacturing Co. (Inc.). Powell Co., J. A	New Orleans Chicago	False and misleading advertising. False and misleading advertising; falsely claiming quotation of reduced prices.
Roaring Spring Blank Book Co. Roberts Tailoring Co. (Inc.)	Roaring Spring, Pa New York	Misrepresenting quantity. Falsely claiming to be manufacturer; falsely claiming that clothing is made to measure. and is made of woolen cloth.
Reckwood Corporation of St. Louis.	St. Louis	False and misleading advertising.
Selick (Inc.), C. H Shakespeare Co.	New York Kalamazoo, Mich	Misbranding.; falsely claiming to be importer. Resale price maintenance; refusal to sell.
Shlansky & Co. (Inc.), Philip Shure Co., N	New York Chicago	Misbranding; false and misleading advertising. False and misleading advertising; misbranding.
Stransky Manufacturing Co., J. A. Tailor-Made Shoe System	Pukwana, S. Dak Chicago	False and misleading advertising. Falsely claiming to be manufacturer; falsely claiming that clothing is made to measure.
Temple Anthracite Coal Co Trilety, M	Scranton, Pa Binghamton, N.Y.	Acquisition of stock tending to create a monopoly. Misrepresenting therapeutic value; false and misleading advertising.
United Remedies (Inc.) Universal Lock-Tip Co	Chicago Boston	False and misleading advertising Falsely claiming ownership of patents and giving of gratuities; misrepresenting value of purported gratuities.
Val Blats Brewing Co	Milwaukee	Falsely claiming to be importer; misbranding; false and misleading advertising.
Vivaudou (inc.), V	New York	Acquisition of stock tending to create a monopoly.

**REPRESENTATIVE; CASES RESULTING IN ORDERS**

A number of representative Cases resulting in orders to cease and desist issued during the fiscal year are described below. Unless otherwise indicated, these orders pertain to violations of the Federal Trade Commission act. Violations of the Clayton Act are so designated.

**AGREEMENTS TO SUPPRESS COMPETITION**

*The Northwest The and Mantel Contractors' Association* .--Respondents, a voluntary unincorporated organization, and the individual members thereof, being persons, partnerships, and corporations engaged in purchasing, placing, and laying the in various States, and in shipping and transporting and/or Causing to be shipped or transported said the and other materials or supplies in 18131---  
30-----6

cident to the placing or laying of the Same, were ordered to cease and desist from (1) agreeing, undertaking, and cooperating with each other to prevent manufacturers of tile from selling and shipping or causing to be shipped the to the and mantel contractors not members of respondent association, or to prevent manufacturers of the from selling same to the and mantel contractors other than respondents except at prices substantially higher than those at which said the is sold to the members of respondent association, or to prevent nonassociation the contractors from securing contracts , or to prevent them from laying and placing the by interfering with the procuring of the necessary labor by cooperating with labor union the setters or their representatives; (2) agreeing, undertaking, and cooperating with each other to prevent the purchase , placing, and laying of the in the Northwest Pacific States by non-association members, or those the contractors not members of respondent association; (3) agreeing, undertaking, and cooperating with each other to coerce the manufacturers into refusing to supply nonassociation members with the except at prices substantially higher than the prices at which said manufacturers sell their products to the respondents who are members of respondent association; (4) agreeing, undertaking, and cooperating with each other to prevent those contractors who are not members of respondent association from securing contracts; (5) agreeing, undertaking, and cooperating with each other to prevent nonassociation the contractors from laying and placing the by interfering with the procuring of the necessary labor incident thereto by cooperation with labor-union the setters or their representatives ; (6) agreeing, under-taking, and cooperating with each other to and notifying the manufacturers or their representatives that if said manufacturers sell and supply the and mantel contractors not members of respondent association with the, that the respondents will cease purchasing the from such the manufacturers; or (7) agreeing, undertaking, and cooperating with each other, with the purpose and intent of restricting the purchase, laying, or placing of the to present members of respondent association in refusing further membership in said association.

#### RESALE PRICE MAINTENANCE

*Burton Bros. & Co. (Inc.)* --Respondent, engaged in buying cotton goods from mills, having same converted, and selling the converted goods to manufacturers, jobbers, and retailers, had for many years widely advertised a specially woven cotton cloth which was first sold as "Irish Poplin" and later as "Burton's Irish Poplin."

The respondent sold this cloth to a number of manufacturers throughout the country who made shirts out of it and sold same labeled "Burton's Irish Poplin" to retail dealers located throughout the United States for resale to the purchasing public.

The respondent was charged with requiring the shirt manufacturers to whom it sold this cloth to maintain suggested resale prices. It was alleged that respondent decided to allow its label "Burton's Irish Poplin" to be used by retailers only upon condition that a shirt bearing said label be sold at a price specified by respondent, leaving the retailer free to sell the shirt at any price after first removing the label, and that in pursuance of this policy respondent sent to each

of the shirt manufacturers with whom it did business a "Notice to Trade" to be attached to each shirt manufactured and sold by the manufacturer.

This "Notice to Trade" explained to the retailer that respondent allowed its label to be attached to the shirt only upon condition that title to the label remained in respondent, and that while the retailer was at full liberty to remove the label and sell the shirt at any price he pleased, by accepting the invoice and shirt with label attached he agreed not to sell the shirt with the label for less than a suggested price. This "Notice to Trade" also stated that each shirt with respondent's label attached carried a guarantee by respondent.

Testimony was taken, briefs submitted, and oral argument heard by the commission, which thereupon held the allegations proved and issued an order directing the respondent to cease and desist from: (1) Requesting shirt manufacturers to attach to invoices of shirts, or to boxes, or other containers of shirts, respondent's "Notice to Trade" set out and referred to in the findings of fact; (2) publishing or making use of said notice or any notice or statement which asserts to retail dealers, directly or in effect, (a) that such shirts are sold them subject to resale price restrictions or on condition that they be not sold for less than prices fixed by respondent, or (b) that any retail dealer who sells such shirts at a price less than the resale price thereof fixed by respondent, then and there becomes legally liable to respondent; (3) making, publishing, or otherwise using any threat, express or implied, to bring a suit or action in any court against any retail dealer who sells such shirts at prices less than the resale price thereof fixed by respondent, or (4) utilizing any other equivalent methods or means of accomplishing the maintenance or control of retail dealer resale prices of shirts.

The respondent, July 10, 1930, petitioned the Circuit Court of Appeals for the Second Circuit (New York City) to set aside the commission's order. Afterwards it filed a report with the commission showing a revision of its practice. This was accepted by the commission as a compliance with its order, and the petition for review was subsequently dismissed.

#### TYPES OF MISREPRESENTATION

*David B. Clarkson Co.*--Respondent is a corporation engaged in the sale and distribution of books of all kinds at retail. In its advertising circulars, circular letters, and other literature it represented that certain books which it sold were being offered at a special and introductory price, considerably less than the regular price at which said books were ordinarily and customarily sold, and that the publisher's price of certain of said books was greatly in excess of the price at which the publisher actually sold them. A stipulation as to the facts was agreed upon between respondent and counsel for the commission, in lieu of testimony before the commission in support of the charges stated in the complaint or in opposition thereto; and the commission, after receiving said stipulation and duly considering the record, issued its order requiring the respondent to cease and desist from (1) making or causing to be made any

representations, statements, or assertions in any way or manner whatsoever to the effect that (a) the prices at which it is selling its

books are special, introductory offers, (b) the prices at which it is selling its books are less than the prices at which said books are regularly and customarily sold or (2) misrepresenting in any way or manner whatsoever the publisher's price of any book or books which it sells.

*Tailor-made Shoe System.*--Respondent, engaged in the business of selling shoes direct to the wearer thereof, and in the distribution thereof from its principal place of business throughout the various States of the United States, does not manufacture the shoes sold and distributed by it nor have any interest in any shoe factory.

It depicted, upon the covers of its catalogues, a large building and also a workman cutting leather while looking at an order for "Tailor-made Shoes;" represented that it had many times more customers than it actually had, that the shoes sold by it were made to order for the customer upon his individual measurements, and other representations to the effect that the middleman's profit was eliminated and that purchasers of its shoes were able to obtain them at a special advantage in price.

After the introduction of testimony and the submission of briefs and oral argument, the commission issued its order requiring respondent and certain individual officers to cease and desist from (a) in any manner the corporate name "Tailor-made Shoe System" (b) designating or describing in any manner the shoes offered for sale by respondent as "Tailor-made" shoes, (c) representing in any manner that the corporate respondent is the largest of its kind in the world or that it has 800,000 customers, or (d) representing in advertisements, pictures, or otherwise, that the corporate respondent is a manufacturer of shoes.

#### **"BLUE--SKY" OPERATIONS ORDERED STOPPED**

*Universal Lock-Tip Co.*--Respondent, Emile W. S. Gay, is the owner of a patent granted by the United States Patent Office for a string fastener adapted for use as a tip on the ends of shoe laces to keep the ends in a fixed point. Katherine Gay is his wife and is not engaged in business, and respondent corporation has never done business and has no assets of any substantial value.

Emile W. S. Gay, otherwise known as William S. Gay, has been and is engaged in the business of the sale of shoes, shoe laces, and other products in connection with which he has circularized members of the public throughout the country offering to sell shoes, shoe laces, shirts, and stockings at stated prices and offering to give with said sales shares of the preferred and common capital stock of respondent corporation, in connection with which he has made numerous false and misleading representations concerning the property, resources, assets, production, or financial condition, etc., of the said corporation.

The Department of Public Utilities of the Commonwealth of Massachusetts has received many letters or complaints with respect to the operations of respondents from practically the entire country during the last four or five years and has investigated the financial standing and method of the respondent corporation in disposing of its shares of stock and has been refused pertinent information

respecting the subject of its inquiry by Emile W. S. Gay, other wise known as William S. Gay, respondent herein.

After full consideration, the commission issued its order requiring respondent corporation and respondents Katherine Gay and Emile W. S. Gay to cease and desist from representing (1) that the respondent corporation is engaged in the business of selling shoes or shoe laces or other merchandise, or that the said corporation has any asset, as good will, by reason thereof, unless and until such is the fact; (2) that in connection with such business aforesaid the respondent corporation is the assignee of the patent rights of respondent William S. Gay for a patented string fastener or shoe-lace tip, unless and until such is the fact.

The commission further ordered that respondents, William S. Gay and Katherine Gay, cease and desist from doing business on their separate individual accounts under the name Universal Lock-Tip Company or Universal Lock-Tip Co. while the respondent corporation is in existence under said name; (2) making statements in letters or circulars addressed to members of the public, or otherwise, concerning the respondents or any of them in connection with such business aforesaid, in which banks or mercantile agencies are given as references unless and until such bank or agency has given, in writing, to said respondents its consent to the use of such statement; (3) using the certificates of stock of respondent corporation or other corporation in connection with such business aforesaid and falsely representing that such shares represent an undivided or other interest in or under any patent rights not belonging to such corporation; (4) making and publishing statements or representations in letters to members of the public, or otherwise in connection with such business, that the shares of capital stock of respondent corporation will be or may be listed on the New York, Boston, or other stock exchanges unless and until such statements or representations are duly authorized by the officials thereof; or (5) representing in statements published in letters or otherwise that respondent corporation has, in connection with such business, orders on hand for the sale of shoes or other merchandise or that dividends have been earned by it on its shares of capital stock unless and until such statements or representations are true, and from making any other such false or misleading statement as a statement of fact or as to the happening of any future event concerning such of the respondent corporation or its said capital shares or of the said business of the respondents Gay, or either of them, unless and until the said statement of fact is true, or the happening of such future event is reasonably based upon facts set forth by respondents in connection therewith and such future event is clearly and unmistakably shown not to be an already accomplished fact.

*American School of Home Economics.*--Respondent, engaged in the business of giving courses of instruction in home economics and related subjects by correspondence, has since its organization enrolled from 40,000 to 50,000 pupils and its graduates number about 2,000.

In consideration of its instruction and other services respondent's pupils contract to pay and remit to respondent agreed sums of money, and respondent sells, to such pupils as desire to purchase the same,

supplies for use in its cooking and candy-making courses, and ships such supplies from its place of business to its pupils at their places of residence in various States of the United States.

After full hearing the commission issued its order requiring the respondent to cease and desist from (a) advertising or otherwise representing that respondent does not conduct its business for profit; (b) advertising, representing, or describing as "instructors" or teachers," or by a like designation, persons, whether they were authors of textbooks used by respondent or not, who are not actually engaged in the giving of instruction by correspondence at the time such representation or description be made; (c) advertising or otherwise offering to the public or to prospective pupils special class rates, club rates, and/or tuition charges otherwise designated as reduced or special rates whether or not the same be advertised or otherwise offered as obtainable by pupils applying to respondent during a limited time only, when, in fact, the said class rates, club rates, or allegedly special tuition rates are charges not less than the regular rates or tuition of the respondent for the course or courses of study so advertised or offered; (d) advertising or in any way representing that any textbooks, tools, appliances, equipment, and/or materials to be used by pupils in any course of study given by respondent are free, when in fact the price of cost thereof is included' in the charge or tuition for the respective course of instruction in which the same are to be used; (e) advertising or stating to the public or any part thereof or to prospective or actual pupils that, by virtue of the completion of any of respondent's courses, pupils will be qualified and enabled to obtain employment at high and lucrative compensation or to engage in the catering of foods at great profit; (f) including in its letterheads, advertising material, matriculation certificate, and/or other matters issued by respondent a picture of the building which the respondent has rooms, with the wording' "American School of Home Economics," without using in the immediate context therewith the words, "In which the American School of Home Economics has quarters," or without using equivalent explanatory phraseology indicating clearly that the respondent does not own or occupy, save in a limited way, the building pictured, the said last-described phraseology to be made in letters not less than one-half as high and one-half as wide as the lettering giving the name of the school, and to have, except as to the size of letters, the same coloring, clearness conspicuousness, as the wording giving the name of respondent's school, and from including the picture of such building, although omitting the name of the respondent's school, without including the said described explanation; or (g) advertising' or stating in its printed or circular matter or in correspondence that respondent's school is conducted or supervised by officers and/or a board of trustees so long as the said supposed officers and/or board of trustees bear no active or supervisory relation to the affairs of respondent, and/or publishing or otherwise using the names of persons as officers and/or trustees of respondent who have ceased to act as officers or trustees of respondent and to bear any active or supervisory relation to respondent and the school conducted by respondent. at the time such advertisement or statement be made.

## AGREEMENTS IN RESTRAINT OF TRADE

*Albany Billiard Ball Co.*--Respondents, Albany Billiard Ball Co. and Portland Billiard Ball Co., are and have been engaged in the manufacture and sale of composition billiard or pool balls, same being sold to manufacturers of billiard and pool tables and wholesale dealers and jobbers of such products, including the respondent, F. Grote & Hubbell Co. (Inc.), which the latter company is the exclusive sales agent of respondent Albany Billiard Ball Co. The commission finds that at a meeting between the three respondents they entered into a verbal mutual triparty agreement whereby the Albany Billiard Ball Co. agreed that it would manufacture and sell only composition billiard or pool balls of regulation size and would cease to manufacture and sell composition billiard or pool balls of less than regulation size, and thereafter would sell its entire out put of regulation size composition billiard or pool balls for the domestic trade to respondent F. Grote & Hubbell Co. (Inc.), which in turn agreed to pay to the Portland Billiard Ball Co. a commission of \$2.11 on each set of regulation size composition billiard or pool balls manufactured by the said Albany Billiard Ball Co. and sold by the said F. Grote & Hubbell Co. (Inc.) in the United States, and the said Portland Billiard Ball Co. agreed that it would thereafter cease to manufacture and sell composition billiard or pool balls of regulation size and would manufacture and sell in the United States only the less-than-regulation-size composition billiard or pool balls, and would furnish the F. Grote & Hubbell Co. (Inc.), with the latter's requirements of composition billiard or pool balls of less than regulation size.

Testimony was taken, briefs submitted, and oral argument heard by the commission which thereupon entered an order directing the respondents to cease and desist making, entering into, or carrying out or observing, either directly or indirectly, any agreement with each other to suppress, restrict, or restrain in any manner the competition existing, or which might exist, between or among said respondents, in the sale and distribution of composition pool balls in interstate and foreign commerce, and more particularly cease and desist the following: (1) The respondent Albany Billiard Ball Co. agreeing with the other respondents that it will manufacture and sell only composition pool balls of regulation size, and will cease to manufacture and sell composition pool balls of less than regulation size; and also being a party to an agreement whereby said respondent, F. Grote & Hubbell Co. (Inc.), agrees to pay or pays to said respondent Portland Billiard Ball Co. a commission on composition pool balls sold by the said respondent, F. Grote & Hubbell Co. (Inc.), in the United States as exclusive sales agent or distributor for said respondent, Albany Billiard Ball Co., in said commerce; (2) the said respondent, F. Grote & Hubbell Co. (Inc.), paying or agreeing to pay, directly or indirectly, any commission or sum of money to the said respondent Portland Billiard Ball Co. on the sale of composition pool balls sold by said respondent, F. Grote & Hubbell Co. (Inc.), in the United States, as exclusive sales agent or distributor for said respondent Albany Billiard Ball Co. in said interstate commerce; or (3) the said respondent

Portland Billiard Ball Co. agreeing to manufacture and sell composition pool balls of less than regulation size only, and to cease the manufacture and sale of composition pool balls of regulation size in the United States; or agreeing to discontinue the sale and distribution of composition pool balls in foreign commerce or export trade; and also from accepting, or agreeing to accept, as a consideration for such agreements, or for any other purpose, commissions or sums of money from either the respondent F. Grote & Hubbell Co. (Inc.), or the respondent Albany Billiard Ball Co. on sales made in said commerce.

### ACQUISITION OF COMPETITORS' STOCK

*Temple Anthracite Coal Co. (Clayton Act, sec. 7).*--Respondent Temple Anthracite Coal Co., engaged in the business of mining anthracite coal in Pennsylvania and the sale and distribution of such coal to purchasers located in that State and in various other States of the United States, is one of the largest anthracite coal-mining companies in the country, and prior to 1924 had acquired the physical assets of a number of anthracite coal-mining companies engaged in the mining of anthracite coal in Pennsylvania and the sale and distribution thereof in interstate commerce.

The commission finds that during October, 1924, the respondent Temple Anthracite Coal Co. acquired directly by purchase all of the outstanding capital stock of the Temple Coal Co. and 98 per cent of the outstanding capital stock of the East Bear Ridge Colliery Co., both of which acquired companies were at the time and had been actively engaged in the business of mining and selling and distributing anthracite coal in competition with each other and with the Temple Anthracite Coal Co.

After full hearing the commission issued its order requiring the respondent to cease and desist violating the provisions of section 7 of the Clayton Act and within 90 days from the date of service upon it of said order to divest itself in good faith of all the capital stock of the Temple Coal Co. owned by it and all of its interest in the capital stock of said Temple Coal Co., such divestment of stock to carry with it all of the property and assets of all kinds whatsoever of said Temple Coal Co.; or within the same period to divest itself likewise of all the capital stock of the East Bear Ridge Colliery Co. owned by it. It was further ordered that such divestment of the capital stock and interest in the capital stock of Temple Coal Co. should not be made directly or indirectly to the East Bear Ridge Colliery Co. or to anyone directly or indirectly connected with said company or to any stockholder or anyone directly or indirectly connected with the Temple Anthracite Coal Co., and that such divestment of the capital stock and interest in the capital stock of said East Bear Ridge Colliery Co. should not be made directly or indirectly to Lackawanna Coal Co. (Ltd.), Mount Lookout Coal Co., Temple Coal Co., or to any stockholder or other person directly or indirectly connected with any of such companies or with the Temple Anthracite Coal Co.

The respondent, May 28, 1930, filed with the third circuit (Philadelphia) its petition to review and set aside the commission's order. The case now awaits briefing and

argument.

## MISREPRESENTATION IN SALE OF BOOKS

*Consolidated Book Publishers (Inc.)*.--Respondent is a corporation engaged in the sale and distribution of a set of books at retail under the name New World Wide Cyclopedia and of the same set of books at wholesale under the name of The Times Encyclopedia and Gazetteer. The works are identical except for the titles and the bindings, and the commission found that the sale of same under separate titles has the capacity and tendency to mislead and deceive the purchasing public, and cause members of the public to purchase both sets of books in the belief that they are separate, different, and distinct works.

The commission also found that in -the advertising and sale of the New World Wide Cyclopedia the respondent made numerous false and fraudulent representations with respect to terms and contents and as a means of securing subscribers. After full hearing the commission issued its order requiring respondent to cease and desist from (1) selling or offering for sale, either at wholesale or retail, any set of books of the same text and content material under more than one name or title at the same time; (2) advertising or representing in any manner to purchasers or prospective purchasers that any book or set of books offered for sale and sold by it will be given free of cost to said purchaser or prospective purchaser when such is not the fact; (3) advertising or representing in any manner that a certain number of sets or any set of books offered for sale or sold by it has been reserved to be given away free of cost to selected persons as a means of advertising, or for any other purpose, when such is not the fact; (4) advertising or representing in any manner that purchasers or prospective purchasers of its encyclopedia are only buying or paying for loose-leaf supplements intended to keep the set of books up-to-date, or that purchasers or prospective purchasers are only buying or paying for services to be rendered by a research, or other bureau, for a period of 10 years, when such is not the fact; (5) selling the text and content material of any set of books in such a way or manner, and with the purpose and intent, that said text and content material may be resold by any other person, firm, or corporation under any other name or title than that being used by respondent for said text and content material; (6) advertising or representing in any manner that it maintains a research bureau employing a staff of competent editors and experts for the purpose of answering inquiries from subscribers, when such is not the fact; (7) advertising or representing in any manner that inquiries addressed to its research bureau are referred to and answered by experts and specialists in the particular subject inquired about, unless such inquiries are actually referred to and answered by said experts and specialists; or (8) advertising or representing in any manner that its set of books is a new and up-to-date encyclopedia, when such is not the fact.

## COURT CASES

[continuation of chief counsel's report]

Application may be made by the commission to the United States Circuit Courts of Appeals to enforce its order to cease and desist or the respondent may petition the court to have the order modified or set aside. The number of court proceedings in which the commission has been involved during the year, as well as a cumulative showing of this work throughout the commission's life, will be found in the statistical tables on pages 17 to 124 of this report.

The cases pending in the courts during the year have, for convenient reference been listed alphabetically in the following table.

They are described at some length in the pages immediately following:

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**CASES IN THE SUPREME COURT OF THE UNITED STATES AND THE UNITED STATES CIRCUIT COURTS OF APPEALS ARISING UNDER SECTION 5 OF THE FEDERAL TRADE COMMISSION ACT AND SECTION 7 OF THE CLAYTON ACT**

**CASES INSTITUTED SINCE JULY 1, 1929**

[U S. Circuit Court of Appeals are designated "First Circuit, Second Circuit," etc.]

The cases below appear in the order in which proceedings were instituted in the courts:

*L. F. Cassoff.*--The commission, October 15, 1929, instituted a proceeding for enforcement of its order in this case, filing the application with the Second Circuit (New York City).

The order had directed Cassoff, an individual doing business under the names and styles of Central Paint & Varnish Works and Central Shellac Works, to cease and desist:

(1) From directly or indirectly employing or using on labels or as brands for varnish not composed wholly 100 per cent of shellac gum cut in alcohol or on containers in which varnish is delivered to customers, the words "Orange Shellac," "White Shellac," or the word "Shellac" alone or in combination with any other word or words unless accompanied by a word or words clearly and distinctly indicating that such product contains other substances, ingredients, or gums than shellac gum, and by a word or words clearly and distinctly setting forth the substances, ingredients, or gum of which the varnish is composed with the percentages of all such substances, ingredients, or gums therein used clearly stated upon the label, brand, or upon the containers (e.g., "Shellac Substitute" or "Imitation Shellac," to be followed by a statement setting forth percentages of ingredients or gums therein used) .

(2) From using or displaying in circulars or advertising matter used in connection with the sale of its products in interstate commerce, except when such products contain 100 per cent shellac gum cut in alcohol, or on the containers in which the varnish is delivered to customers the words "Orange Shellac," "White Shellac," or the word "Shellac" alone or in combination with any other word or words unless accompanied by a word or words clearly and distinctly indicating that such product contains other substances, ingredients, or gum than shellac gum, and by a word or words clearly and distinctly setting forth the substances, ingredients, or gum of which the varnish is composed with the percentages of all such substances, ingredients, or gums therein used clearly stated on the label, brand, or on the containers (e.g., "Shellac Substitute" or "Imitation Shellac," to be followed by a statement setting forth percentages of ingredients or gums therein used)

Respondent filed answer, and after briefing and argument, the court, February 17, 1930, handed down its decision, modifying and affirming the commission's order. As shown above, the order permitted the use of labels and advertisements if they clearly indicated the percentages of ingredients other than shellac which were used. The court took exception to this proviso, saying, in this connection (38 F. (2d) 790):

The stipulation entered into by the parties does not justify the findings, and there is no evidence which

requires a statement as to the percentages of the other Ingredients which make up the respondent's substituted shellac. If the respondent labels his goods and advertises the same as "shellac substitute"

or "imitation shellac," accompanied by the statement that it is not 100 per cent shellac, that would be sufficient to prevent a fraud upon the purchasing public.

The commission did not apply to the Supreme Court for writ of certiorari in this case.

*James A. McCafferty & Sons Manufacturing Co.*--The commission, November 22, 1929, filed with the Second Circuit (New York City) an application for the enforcement of its order in this case. The practice found by the commission to be an unfair method of competition, and against which its order was directed, was that of advertising and selling as "Gold Emblem White Lead " and "Gold Emblem Combination White Lead" products containing only from 1.8 to 2.9 per cent of white lead.

The court, March 3, 1930, approved a stipulation between the parties, providing for withdrawal of the application for enforcement and discontinuation of the proceeding, without prejudice, however, to the right of the commission to file a new application.

*Baltimore Paint & Color Works.*--The commission, December 27, 1929, filed with the Fourth Circuit (Richmond) an application for enforcement of its order in this case. The corporation involved was organized under the laws of Maryland, with its principal place of business in Baltimore. The findings were to the effect that, in marketing its products in containers of the recognized standard sizes of 1 gallon and one-half gallon, it was placing in such containers less than the quantities indicated, with the consequent capacity and tendency to deceive the purchasing public. The order directed the cessation of this practice and also forbade the wrongful use of the word "Army " or words or symbols of similar import indicating manufacture by or for the United States Government. The court, on June 10, 1930, decided the case in favor of the commission, saying, in the course of its opinion:

The commission alleges in its petition that its order is being violated, and the respect due by the courts to an independent agency of the Government forbids the presumption that this allegation of the commission is not made in good faith and based upon substantial grounds. It is inconceivable that the commission could make this application to this court without having good ground upon which to make it, and the commission is certainly to be presumed to be acting in good faith. (41 F. (2d) 474, 476.)

It is to be noted that the court affirmed the commission's order in this case without requiring prior proof of violation thereof, thus following the practice of the Second Circuit in *Federal Trade Commission v. Paul Balme*, 23 F. (2d) 615, which took the position that "it is very apparent that the question of violation of the commission's order would not be involved until a valid order was recognized by this court after having acquired jurisdiction. Therefore, we must first examine the proceeding before the commission and determine whether there has been a violation of the law."

*Charles T. Morrissey.*--Application for enforcement was filed by the commission April 14, 1930, in the Seventh Circuit (Chicago.)

The findings were to the effect that this respondent was so labeling and advertising soft drink powders manufactured by him as to mislead purchasers into the belief that such powders and the beverages made therefrom contained natural fruit juices when

such was not the case. Answer was filed May 8, 1930, and the commission's brief July 14, 1930.

*Temple Anthracite Coal Co.*--This corporation, May 28, 1930, filed with the Third Circuit (Philadelphia) its petition to review and set aside the commission's order in this case, which was directed against stock acquisition in violation of section 7 of the Clayton Act. Respondent was a holding corporation and it acquired the stock of two competitive corporations engaged in interstate commerce. The commission's order directed the divestiture of the stock of one of the competing corporations.<sup>1</sup>

The next steps are briefing and argument. It is expected the case will be reached during the fall term.

*Burton Bros. & Co. (Inc.)*--This concern, July 10, 1939, filed with the Second Circuit (New York City) its petition to review and set aside the commission's order, which, in connection with the sale or offering for sale, in interstate commerce, of shirts made of the fabric "Burton's Irish Poplin," directed it to cease and desist from:

(1) Requesting shirt manufacturers to attach to invoices of shirts, or to boxes, or other containers of shirts, respondent's "Notice to Trade" set out and referred to in the findings as to the facts in this proceeding;

(2) Publishing or making use of said notice or any notice or statement which asserts to retail dealers, directly or in effect, (a) that such shirts are sold them subject to resale price restrictions or on condition that they be not sold for less than prices fixed by respondent, or (b) that any retail dealer who sells such shirts at a price less than the resale price thereof fixed by respondent, then and there becomes legally liable to respondent;

(3) Making, publishing, or otherwise using any threat, express or implied, to bring a suit or action in any court against any retail dealer who sells such shirts, at prices less than the resale price thereof fixed by respondent;

(4) Utilizing any other equivalent methods or means of accomplishing the maintenance or control of retail dealer resale prices of shirts.

Subsequent to taking the action above described, the petitioner filed with the commissioner a supplemental report of compliance, which met the objections raised to its prior report, and as a result of which its petition for review was withdrawn.

*Shakespeare Co.*--This corporation, a manufacturer of fishing tackle, organized under the laws of Michigan, with its principal place of business in Kalamazoo, filed its petition with the Sixth Circuit (Cincinnati), July 11, 1930, asking for the review and setting aside of the commission's order, which directed the company, its officers, agents, representatives, and employees, to cease and desist from:

(1) Entering into or procuring from its dealers' contracts, agreements, understandings, promises, or assurances that respondent's products, or any of them, are to be resold by such dealers at prices specified or fixed by respondent.

(2) Requesting its dealers to report the names of other dealers who do not maintain respondent's resale prices or who are suspected of not maintaining same.

<sup>1</sup> Summaries of the commission's order appear on pp. 82 and 173.

(3) Seeking by any methods and cooperation of dealers in making effective any policy adopted by the respondent for the maintenance of prices.

*Consolidated Book Publishers (Inc.)*.--On July 10, 1930, the corporation of tills name, engaged in the sale and distribution throughout the United States of a set of books at retail under the name "New World Wide Cyclopedia," and of the same set of books at wholesale under the name of "The Times Encyclopedia and Gazetteer," filed with the Seventh Circuit (Chicago) its petition to review the commission's order, which directed it to cease and desist from:

(1) Selling or offering for sale, either at wholesale or retail, any set of books of the same text and content material under more than one name or title at the same time.

(2) Advertising or representing in any manner to purchasers or prospective purchasers that any book or set of books offered for Sale and sold by it will be given free of cost to said purchaser or prospective purchaser when such is not the fact.

(3) Advertising or representing in any manner that a certain. number of sets or any set of books offered for sale or sold by it has been reserved to be given away free of cost to selected persons as a means of advertising, or for any other purpose, when such is not. the fact.

(4) Advertising or representing in any manner that purchasers or prospective purchasers of its encyclopedia are only buying or paying for loose-leaf supplements intended to keep the set of books up-to-date, or that purchasers or prospective purchaser are only buying or paying for services to be rendered by a research, or other bureau, for a period of 10 years, when such is not the fact.

(5) Selling the text an content material of any set of books in such a way or manner, and with the purpose and intent, that said text and content material may be resold by any other person, firm or corporation under any other name or title than that being use& by respondent for said text and content material. (6) Advertising or representing in any manner that it maintains a research bureau employing a staff of competent editors and experts. for the purpose of answering inquiries from subscribers, when such is not the fact.

(7) Advertising or representing in any manner that inquiries addressed to its research bureau are referred to and answered by experts and specialists in the particular subject inquired about, unless such inquiries are actually referred to and answered by said experts and specialists.

(8) Advertising or representing in any manner that its set of books is a new and up-to-date encyclopedia, when such is not the fact.

*Y. Vivaudou (Inc.)*.--This corporation, July 22, 1930, filed with the second circuit (New York City) its petition praying that the commission's order be reviewed and set aside. The findings were to the effect that the corporation had acquired the stock of competitors in the sale of perfumes and cosmetics, in violation of section 7 of the Clayton Act. The order directed the divestiture, in good faith of all of the capital stock of its former competitors acquired and

owned by it, such divestiture to carry with it all of the property and assets of said former competitors.

*Marietta Manufacturing Co.*--This company, August 18, filed with the seventh circuit (Chicago) its petition to review and set aside the commission's order. It is engaged in the business of manufacturing and selling in interstate commerce a product used for interior walls, wainscoting, ceilings, table tops, counters, and other like purposes which it advertises and describes as "Sanionyx", "Sani-Onyx", "Sani-Onyx, a Vitreous Marble." The product in question is manufactured from various ingredients, the chief of which is silica. It is neither marble nor onyx, but is manufactured in slab form and is capable of being used in place of natural or quarried onyx or marble when such onyx or marble is in slab form. The commission concluded that the designations used by the company for its product were false and misleading, and entered its order accordingly.

*Lomax Rug Mills.*--This is the trade name used by an individual H. L. Lomax engaged in the purchase of rugs and carpets from the manufacturers thereof, and the resale of said rugs and carpets to retailers and direct consumers throughout the United States. A small portion of the products in question are "fabricated" by Lomax from standard carpet material purchased from the manufacturers thereof. This "fabrication" consists in cutting up carpet material into the desired sizes, sewing it together, hemming the ends and putting a fringe on it. Lomax advertises extensively, stressing the representation that he is a manufacturer, and that those purchasing from him will effect substantial savings by the elimination of the middleman's profit. The commission directed him to cease and desist: (1) From doing business under the trade name and style of Lomax Rug Mills, or any other trade name which includes the words "mill" or "rug mills" unless and until said respondent actually owns or operates a factory or mills in which he manufactures the rugs and/or carpets which he sells; (2) inserting or causing to be inserted advertisements in newspapers, magazines or other periodicals, or distributing circulars, handbills, private mailing cards, or any other forms of advertising literature, which contain statements, slogans, words, phrases, sentences or representations which indicate or create the impression that said respondent is the manufacturer of the articles which he sells unless and until such respondent does actually manufacture such articles. Lomax took exception to the order, and, on September 24, filed with the third circuit (Philadelphia) his petition to review and set it aside.

#### **CASES INSTITUTED PRIOR TO JULY 1, 1929**

The cases described below are those which remained on the commission's appellate docket at the beginning of the fiscal year 1930, and in connection with which some action was taken during the fiscal year. They, too, are listed in the order in which they were instituted in the courts.

*Western Meat Co.*--This case, which relates to acquisition of stock in violation of section 7 of the Clayton Act, has been discussed at length in previous reports.

The commission's order directed the company to so divest itself of all capital stock of the Nevada Packing Co., a competing corporation, as to include in such divestment the latter company's plant and all property necessary to the conduct and operation thereof as a complete, going packing plant and organization, and so as to neither directly nor indirectly retain any of the fruits of the acquisition of the capital stock of said Nevada Packing Co.

The company, July 27, 1923, petitioned the Ninth Circuit (San Francisco) to set aside the order. This court held that the order went beyond the commission's authority and directed that it be modified by eliminating the injunction against the acquisition by Western Meat, Co. of the plant and property of the Nevada Packing Co. (4 Fed. (2) 223.)

The Supreme Court of the United States, however, took the position that the commission's order must be construed with regard to the existing circumstances; that divestment of stock must be actual and complete and could not be effected as counsel for respondent admitted was intended, by using the control resulting therefrom to secure title to the possessions of the Nevada Packing Co., and then to dissolve it; that, properly understood, the order was within the commission's authority and that the court below erred in directing the elimination therefrom of the injunction referred to. (272 U. S. 554.)

The final decree of the court of appeals based on the mandate of the Supreme Court, allowed the Western Meat Co. six months, or until November 2, 1927, to submit to the commission a report showing how its order had been carried out. Other extensions allowed the company until September 15, 1928, for filing its report.

On September 15, 1928, the meat company filed a report as to its compliance with the court's decree. This report recited that the meat company had brought an action against the Nevada Packing Co. for debt amounting to \$275,000 and interest, alleged to be due the meat company from the packing company. It was further recited that a judgment was taken by default and that the meat company had caused execution to issue to satisfy the judgment, and that upon a sale under such execution the meat company had bid in substantially all of the physical assets of the Nevada Packing Co. in satisfaction of such judgment.

It was further recited that the meat company had, after its acquisition of the physical assets in this manner, sold the stock, which at that time was based upon the bills and accounts receivable due the Nevada Packing Co., and some \$6,000 in cash. The commission, being of the opinion that the report filed did not show a compliance with the decree of the court of appeals, in March, 1929, instituted a proceeding in that court in which it prayed for the restoration to the Nevada Packing Co. of the physical assets acquired on execution sale by the meat company and the restoration of the stock to the meat company, which it had sold or transferred, and all other orders necessary to the enforcement of the decree.

On June 24, 1929, the court of appeals approved the final report of the meat company, overruled the commission's objections thereto, and denied all of the relief prayed for by the commission. (33 F. (2d) 824.) On September 3, 1929, the commission filed its petition in the Supreme Court of the United States for a writ of

certiorari to

review the action of the court of appeals. This was granted October 21, 1929.

After briefing, and before argument, the Western Meat Co. negotiated a sale of the physical property and assets of the Nevada Packing Co., and the commission, being of the opinion that this proposed sale would accomplish the full purpose of its original order and provide for the full protection of the public interest, approved it and stipulated with the Western Meat Co. for the dismissal of the proceedings in the Supreme Court, with the result that they were dismissed May 19, 1930, and the case remanded to the ninth circuit. By the terms of the stipulation, the lower court, June 6, 1930, vacated and set aside its former ruling in which it overruled the commission's objections to the report of the Western Meat Co.

*Shade Shop.*--This is a District of Columbia case. Alfred Klesner, doing business under the name and style of "Shade Shop, Hooper & Klesner," was charged by the commission with a violation of section 5 of the Federal Trade Commission act in that he had appropriated and simulated the trade name, "The Shade Shop," adopted by one W. Stokes Sammons in connection with his business of manufacturing and selling window shades. Sammons had been engaged exclusively in the business since 1901.

The commission's order prohibited Klesner, his servants, agents, and employees from using the words, "Shade Shop," standing alone or in conjunction with other words as an identification of the business conducted by him, in any manner of advertisement, signs, stationery, telephone or business directories, trade lists or otherwise.

The respondent having refused to comply with the order, the commission, on May 13, 1924, filed in the Court of Appeals for the District of Columbia its petition for enforcement.

After briefs and argument the court without considering the merits of the case, held that it was without jurisdiction and dismissed the petition. (6 F. (2d) 701.) This was on June 1, 1925. The commission applied to the Supreme Court of the United States for a writ of certiorari which was granted, and the Supreme Court, after hearing, reversed the judgment of the court of appeals and remanded the cause for further proceedings concluding that the words, "Circuit Court of Appeals of the United States" in the Trade Commission act included the Court of Appeals of the District of Columbia as the appellate tribunal to be charged with the duty in the District. (274 U. S. 145.)

After the decision of the Supreme Court (April 18, 1927) the case was twice reargued in the lower court and on April 2, 1928, that tribunal dismissed the commission's petition for enforcement on the ground that the name "Shade Shop," as used by the respondent, was a generic term and merely descriptive of the business carried on by him, and that therefore the prior and exclusive use of this term by another concern engaged in the window-shade business was not such as to be entitled to legal protection. (25 F. (2d) 524.) The commission petitioned for a writ of certiorari on August 15, 1928, and this was granted October 22, 1928. This case was argued April 10, 1929, and decided October 14, 1929. (280 U. S. 19.) While the judgment of the court of appeals was affirmed this was done, in the language of Mr. Justice

Brandeis, “not on the merits, but upon

the ground that the filing of the complaint before the commission was not in the public interest," the court holding that the unfair competition complained of in this case arose out of a controversy "essentially private" in its nature. In discussing the matter of public interest, the court said:

In determining whether a proposed proceeding will be in the public interest the commission exercises a broad discretion. But the mere fact that it is to the interest of the community that private rights shall be respected is not enough to support a finding of public interest. To justify filing a complaint the public interest must be specific and substantial. Often it is so, because the unfair method employed threatens the existence of present or potential competition. Sometimes, because the unfair method is being employed under circumstances which involve flagrant oppression of the weak by the strong.- Sometimes, because, although the aggregate of the loss entailed may be so serious and widespread as to make the matter one of public consequence, no private suit would be brought to stop the unfair conduct, since the loss to each of the individuals affected is too small to warrant it.

*Bayuk Cigars (Inc.)*--This case was instituted by the corporation of this name, February 15, 1928, by the filing of a petition to review and set aside the order issued by the commission February 8, 1928, directing it to cease and desist, in connection with the sale and distribution of cigars in interstate commerce, (1) from using the word "Havana," or other word or words of similar import, alone or in conjunction with the word "ribbon," or other word or words, as or in a brand name for or as descriptive of any such cigars which are not composed entirely of tobacco grown on the island of Cuba; (2) from using the words "Mapacuba," or other word or words of similar import, as or in a brand name for or as descriptive of any such cigars which are not composed in whole or in part of tobacco grown on the island of Cuba; (3) from using the words "Mapacuba," or other word or words of similar import, as or other word or words of similar import, as or in a brand name for or as descriptive of any such cigars which are composed in part only of tobacco grown on the island of Cuba, unless said word be immediately followed and accompanied by a word or words in letters equal or greater in size, visibility, and conspicuousness, clearly and unequivocally indicating or stating that such cigars are not composed wholly, but in part only, of tobacco grown on the island of Cuba; (4) from using a depiction simulating the flag, emblem, insignia, or coat of arms of the Republic of Cuba, map of Cuba, Cuban tobacco fields, city or harbor of Havana, Cuba, or depiction of similar import, in the advertising, branding, or labeling of any such cigars which are not composed in whole or in part of tobacco grown on the island of Cuba; (5) from using a depiction simulating the flag, emblem, insignia, or coat of arms of the Republic of Cuba, map of Cuba, Cuban tobacco fields, city or harbor of Havana, Cuba, or depiction of similar import, in the advertising, branding, or labeling of any such cigars which are composed in part only of tobacco grown on the island of Cuba, unless such depiction be accompanied by a word or words of equal or greater visibility and conspicuousness, clearly and unequivocally indicating or stating that such cigars are not composed wholly, but in part only, of tobacco grown on the island of Cuba; (6) from representing in any other manner whatsoever that any of said cigars contain or are composed in whole or in part of tobacco grown on the island of Cuba, when such is not true in fact.

After briefs had been filed, the case was argued before the Third Circuit

(Philadelphia), May 31, 1928.

On June 14, 1930, the court entered its order (without opinion) modifying and affirming the commission's order. The court permitted the use of the name "Havana Ribbon" on the labels on the boxes of cigars of that brand if certain explanatory statements were used in connection therewith, viz, "Ripe Long Domestic Filler," "Imported Sumatra Wrapper," and "Notice--These cigars are made in the United States entirely and only of ripe Domestic Tobacco with an imported Sumatra Wrapper." It also allowed the use of the name "Mapacuba" on the labels on the boxes of cigars of that brand when the explanatory statement "Havana and Domestic Filler-Sumatra Wrapper." was used therewith.

The commission, August 28, 1930, filed a petition for rehearing, which still awaits action by the court.

*International Shoe Co.*--This corporation, March 3, 1928, filed in the First Circuit (Boston) its petition to review and set aside the commission's order, entered November 25, 1925, which, in brief, required the company to divest itself of all assets, property, etc., acquired by it from the W. H. McElwain Co. (a Massachusetts corporation, with principal office and place of business located at Boston), subsequent to the acquisition by the International Shoe Co. of the stock or share capital of the McElwain Co., and after the commission's complaint in this proceeding had been issued and served. The proceeding was under section 7 of the Clayton Act.

The commission's order required the company to submit, within 60 days, for consideration and approval--

a plan for the performance of this order in a manner which shall restore in harmony with the law the competitive conditions which existed with respect to the respondent and such assets, properties, rights, and privileges prior to the acquisition by International Shoe Co. of the stock or share capital of W. H. McElwain Co.

Numerous conferences between counsel for the company and the commission failed to produce a plan as required by the order, and the action referred to above was the result.

On May 31, 1928, the company filed with the court its motion to have the commission's complaint adjudged insufficient in law and to have the order made pursuant thereto set aside. Both sides filed briefs. and the court, after argument on June 28, 1928, on the same day denied the motion. The case was argued on the merits October 4-5 1928, and decided in favor of the commission on November 27, 1928 (29 F. (2d) 518). The court, in the course of its opinion, said:

It is not seriously contended that any of the findings of fact of the commission are unsupplied by the testimony. Petitioner merely seeks to induce this court to hold the commission wrong In its inferences from the facts, and on that ground alone to reverse the order. \* \* \* We find that the inferences of the commission are not only reasonably drawn from undisputed facts hut that no other inferences could reasonably be so drawn. \* \* \* To hold, as petitioner's counsel ask this court to hold, that the commission was bound to draw the inference that the McElwain Co.'s financial condition was such that it would have ceased to be a competitor of the International in the shoe business, would be for the court, *ultra vires*, to substitute a highly speculative prophecy for the commission's fair and soundly grounded contrary inference.

The company petitioned the Supreme Court of the United States for a writ of certiorari; this was denied April 15, 1929 (279 U. S. 849).; it subsequently filed a

petition for rehearing, which was granted May 20, 1929, the court at the same time reversing its former position and granting the writ of certiorari (279 U. S. 832).

After briefing and argument, the Supreme Court, January 6, 1930, reversed the judgment of the Court of Appeals (280 U.- S. 291). The court held that, with respect to a large percentage of the businesses of the two companies, there was no substantial competition, saying in this connection:

It is plain from the foregoing that the product of the two companies here in question, because of the difference in appearance and workmanship, appealed to the tastes of entirely different classes of consumers; that while a portion of the product of both companies went into the same States, in the main the product of each was in fact sold to a different class of dealers and found its way into distinctly separate markets. Thus it appears that in respect of 95 per cent of the business there was no competition in fact and no contest, or observed tendency to contest, in the market for the same purchasers; and it is manifest that, when this is eliminated, what remains is of such slight consequence as to deprive the finding that there was substantial competition between the two corporations, of any real support in the evidence.

With respect to the contention of the international company, that at the time of the acquisition of the financial condition of the McElwain company was such as to necessitate liquidation or sale, the court said:

Shortly stated, the evidence establishes the case of a corporation in failing circumstances, the recovery of which to a normal condition was, to say the least, in gravest doubt, selling its capital to the only available purchaser in order to avoid what its officers fairly concluded was a more disastrous fate. \* \* \* In the light of the case thus disclosed of a corporation with resources so depleted and the prospect of rehabilitation so remote that it faced the grave probability of a business failure with resulting loss to its stockholders and injury to the communities where its plants were operated, we hold that the purchase of its capital stock by a competitor (there being no other prospective purchaser), not with a purpose to lessen competition but to facilitate the accumulated business of the purchaser and with the effect of mitigating seriously injurious consequences otherwise probable, is not in contemplation of law prejudicial to the public and does not substantially lessen competition or restrain commerce within the intent of the Clayton Act.

A dissenting opinion was filed by Mr. Justice Stone, Mr. Justice Holmes, and Mr. Justice Brandeis concurring therein.

*American Snuff Co.*--On June 30, 1927, the commission entered its order directing this company to cease and desist from a number of practices found to be unfair methods of competition. The order contained the usual requirement that the corporation report within 60 days the manner and form of compliance therewith. In compliance with the latter requirement, the corporation made a report in which, while it denied the validity of the findings and order, it nevertheless assured the commission that it would not do any of the things prohibited, with the exception, namely, it declined to comply with paragraph 3 (a) of the order. This paragraph is set forth below together with the closely related paragraph (b):

(3) *It is further ordered*, That the respondent, its officers, agents, representatives, servants, and employees, cease and desist from--

(a) Using the word "dental" and the depiction of a tooth, or either of them, alone or in connection with any other word or words, in the brand name or on the labels on the containers of any of its snuff products, to represent, describe, or define such product, when its said product contains no ingredient other than tobacco.

(b) Making, publishing, or circulating written or oral statements or representations in connection with the sale or distribution of any of its snuff products that such product will cure toothache, pyorrhea, bleeding gums, neuralgia, or other like maladies, when such product contains no ingredient other than tobacco.

The commission, accordingly, on March 17, 1928, filed with the Third Circuit (Philadelphia) its application for enforcement. On May 16 of that year the printed transcript of the record was filed with the court, and, May 23, a stipulation was entered into fixing dates for the filing of briefs. Before briefs had been filed, however, the commission (August 18, 1928) filed with the court a supplemental application for the enforcement of paragraphs 2 a, b, and c, and 3b) of its order, alleging that the American Snuff Co. was making, publishing, and circulating written and oral statements or representations to the effect that the snuff products of its competitors were made of trash, inferior tobacco, cigar stubs, old tobacco chews, and tobacco stems; that they contained opium, copperas, glass, hair, dirt, or similar substances; that they would cause blindness and tuberculosis; that they would destroy the teeth, cause pyorrhea, bleeding gums, or other maladies; and other statements or representations of like import; and that the company was making, publishing, and circulating written or oral statements or representations in connection with the sale and distribution of certain of its own snuff products to the effect that such products would cure toothache, pyorrhea, bleeding gums, neuralgia, and other like maladies, when such products contained no ingredient other than tobacco.

The printing of the supplemental transcript and the subsequent briefing and argument was delayed for a number of months because of the exhaustion of the commission's printing appropriation. A new appropriation becoming available July 1, 1929, however, the record was duly printed, briefs filed, and the case argued on November 7, 1929. It was decided February 13, 1930, adversely to the commission (38 F. (2d) 547). Petition for rehearing was denied March 24, 1930. The commission did not apply for writ of certiorari.

*Grand Rapids Varnish Co.*--The commission, June 18, 1928, filed with the Sixth Circuit (Cincinnati) an application for enforcement of its order in this case. This was one of the earlier proceedings instituted by the commission, and the order, originally entered April 15, 1918, and subsequently modified, was directed against what is known as commercial bribery. By it, the company, a Michigan corporation, and its agents, representatives, servants, and employees, were directed to cease and desist from directly or indirectly secretly giving, or offering to give, employees of its customers or prospective customers, or those of its competitors' customers or prospective customers, without the knowledge or consent of their employers, as an inducement to cause their employers to purchase or contract to purchase from the respondent, varnish and kindred products, or to influence such employers to refrain from dealing, or contracting to deal, with competitors of respondent, without other consideration therefor, money or anything of value.

On June 30, 1928, the court entered an order directing the company to file its answer to the commission's petition on or before October 2, 1928. This time was subsequently extended to October 12, 1928. On the latter date the respondent filed with the court a motion to dismiss the application for enforcement. The commission filed objections to this motion. Before hearing, however, the matter was, by stipulation of the parties, suspended. On June 4, 1929, after argument, respondent's motion was denied. On October 8, 1929, the court

entered its decree affirming the commission's order, and requiring compliance therewith. The company consented to this method of disposing of the case. (41 F. (2d) 996.)

*Paramount Famous-Lasky Corporation.*--The commission, July 9, 1927, entered its order to cease and desist in this proceeding, which, briefly, was directed against a conspiracy in restraint of trade in the business of producing, distributing, and exhibiting motion-picture films, against the practice of "block booking" of motion-picture films, and the acquisition of theater buildings for the purpose of intimidating or coercing exhibitors of motion-picture films to lease and exhibit films produced by respondents.

In due course, respondents filed with the commission their report in writing, setting forth in detail the manner and form in which they were complying with the order. This was accepted as unobjectionable, with the exception of that portion relating to compliance with paragraphs of the order, which was concerned with the practice of "block booking." This particular portion was rejected, as being insufficient to show compliance with the paragraph in question; and the next step was the filing by the commission, on August 1, 1928, with the Circuit Court of Appeals for the Second Circuit (New York City) of its application for enforcement, together with a complete transcript of the proceedings theretofore had before the commission.

This record, one of the largest ever before the commission, comprised more than 17,000 pages of testimony, and extensive exhibits consisting of more than 15,000 additional pages, a total of over 32,000 pages. By the rules of the Second Circuit, the burden of printing the record in Federal Trade Commission cases falls upon the petitioner--in this case, the commission. The size of the record, was of necessity one of the considerations which led the commission to agree that the issue before the court might be confined to paragraph 2 of the order, relating to "block booking," and as a result of this decision, considerable time has been devoted to negotiations looking to the elimination of such of the testimony and exhibits as are irrelevant to the point at issue. These negotiations have resulted in reducing the record to be printed to some 2,000 pages.

*Light House Rug Co.*--The respondent of this name, an Illinois corporation, October 8, 1928, filed a petition with the Seventh Circuit (Chicago) for review of the commission's order, entered July 24, 1928. The commission, briefly, found this respondent was advertising and selling rugs made on power looms as and for rugs made on hand looms by the personnel of the Chicago Lighthouse, an institution employing blind people. The company was directed to cease and desist from this practice.

On April 2, 1929, the commission filed its answer in the nature of cross bill and on April 22 the company replied to this answer.

After briefing, the case was argued October 1, 1929, and decided October 25, 1929, in favor of the commission (35 F. (2d) 163). Among other things, the court said:

In this situation it is obvious that the finding of the commission as to the secondary meaning of the word "lighthouse" has substantial support in the evidence before the commission and under the statute and the

Supreme Court's interpretation is conclusive upon this court.

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The record discloses that agents of petitioner and of its dealers, soliciting purchases of rugs in various districts likewise supplied by Institutions for the blind, repeatedly misrepresented that the rugs made by petitioner were made by the blind; \* \* \* that in New York, Duluth, Milwaukee, Minneapolis, and elsewhere, purchasers of rugs were repeatedly confused as to "lighthouse" rugs sold by petitioner, In that they purchased rugs upon such representations as created the impressions and beliefs that they were buying the product of the blind made at "lighthouses" for the blind maintained at various places. These latter Institutions, in attempting to sell their rugs, frequently lost their sales because people solicited had previously purchased petitioner's rugs upon the belief that they were the products of the charitable "lighthouses" of Duluth, Milwaukee, New York, Chicago, or elsewhere. \* \* \*

There was other and substantial evidence of confusion, deception, and unfair competition, to such an extent that the finding of the commission is amply supported thereby and is therefore conclusive upon this court.

*Samuel Breakstone.*--On October 9, 1928, this respondent, an individual with principal office and place of business in Chicago, and engaged in the business of selling automobile parts, supplies, and accessories, filed with the seventh circuit (Chicago) a petition praying that the commission's order be set aside.

The practices against which the order was directed may be summarized as follows: Respondent, in 1925, purchased in the open market certain spark plug cores manufactured by the A C Spark Plug Co., one of its competitors, for the United States Government and subsequently sold by the latter as surplus war material. These cores bore the symbol "A C," were intended for use in airplane motors, and would not function properly in automobile motors. After purchasing the cores in question, respondent mounted them in shells not made by or for the A C Spark Plug Co., in such a way that the symbol "A C" was conspicuously displayed in the place where the manufacturers of spark plugs, including the A C Spark Plug Co., cause their trademarks or distinguishing symbols to be affixed--and sold them to wholesalers, retailers, and the purchasing public throughout the United States without disclosing that they were not, in fact, genuine "A C" automobile spark plugs.

On motion of the commission, the petition to review was dismissed on December 16, 1929. The court's original order directed Breakstone to file a statement of the evidence in narrative form, the commission being given the right to indicate any changes or additions it deemed desirable. The commission completed its suggestions February 5, 1929, and sent them to Breakstone. The latter having taken no steps to reach an agreement with the commission as to the record to be printed, the commission brought the matter to the attention of the court with the action indicated.

*Doctor Abbott F. Kay.*--The commission, October 9, 1928, filed with the Seventh Circuit (Chicago) an application for the enforcement of its order in this case. Its findings were to the effect that the product sold by respondent was not radium and contained no radium or radioactive properties, as known to the scientific or commercial world.

The order directed Kay to cease and desist from further, in any manner whatsoever, (1) selling or offering for sale or advertising as and for radium or as containing radium, or possessing radio-active properties, the product heretofore sold and advertised as and for radium by respondent; (2) applying, employing, or using descriptively the word

“radium” or any compound thereof implying

radioactivity in connection with the sale, offering for sale, or advertising of the product heretofore sold and advertised as and for radium by respondent; (3) making or causing to be made in advertising matter or otherwise representations, statements, or assertions that the product heretofore sold and advertised by respondent is radium, or that said product contains radium; (4) making or causing to be made any false statement, claim, or representation of similar import or effect in connection with the sale of any other product or substance.

Argument was had on April 18, 1929, and the court, September 18, 1929, affirmed the commission's order, saying, in part (35 F. (2d) 160):

The Government Bureau of Standards was furnished with several samples of the product which the respondent Kay had sent to various persons in various States, under the "escrow plan," or for other purposes, and subjected such specimens to the scientific tests to which that bureau was accustomed to subject specimens of radium for determining their genuineness: None of such samples of the Kay product responded to the radium tests so applied. One other test was applied to a sample of Doctor Kay's product, outside the Bureau of Standards, and the testimony indicates that the sample failed to respond to such test. Such failure in all instances, the testimony amply shows, indicated that none of the samples of the Kay product had any appreciable radioactivity.

\* \* \* \* \*

The evidence does not disclose how extensive a business respondent has done, but it is apparent that he has been, and is engaged in, advertising and distributing his product in interstate commerce. Radium is used largely for the treatment of disease, and especially cancer, and it can hardly be gainsaid that any misrepresentation with respect to the identity of respondent's product is a matter of public interest with which the commission is, by section 5 of the trade commission act, empowered to deal.

Doctor Kay afterwards filed a petition for rehearing, which was denied. Subsequently he filed with the Supreme Court of the United States petitions for certiorari and rehearing both of which were denied.

*Grand Rapids furniture cases.* -- On November 16, 1928, 25 furniture manufacturers of Grand Rapids, Mich., filed with the Sixth Circuit (Cincinnati) petitions praying that the order issued against them by the commission September 25, 1928, be set aside and held for naught.

The order in question directed the several respondents to cease and desist from (1) selling or offering for sale in interstate commerce furniture made with broad or flat parts of mahogany, or walnut, as the case may be, which have been veneered on other different wood or woods, unless such furniture be described, labeled, or designated as veneered; (2) using the word mahogany or the word "walnut" in advertisements, catalogues, price lists, invoices, or otherwise in connection with the sale or offering for sale in interstate commerce of furniture made with broad or flat parts of mahogany, or walnut, as the case may be, which have been veneered on other different wood or woods, unless accompanied by the word or term "veneered."

On December 11, 1928, the several respondents filed supplemental petitions, setting forth more in detail their objections to the commission's order. Subsequent developments have been: The negotiation of a stipulation which materially reduced the size of the

record to be printed; the filing of answers in the nature of cross bills, by the commission, and replies thereto by respondents; the filing of briefs by both parties; and argument on March 7, 1930. On June 28, 1930, a decision adverse to the commission was handed down. (42 F. (2d) 427.) Among other things, the court said:

The record contains no evidence that any of the dealers to whom the present petitioners sold furniture were in any wise deceived; that the practice of such petitioners cheapens the product or affects its durability; or that any trade whatsoever was thereby diverted to such petitioners from the very few competitors who still attempted the manufacture of furniture of solid or un-laminated woods. The sole question is whether, under these circumstances, there is any evidence to support the order of the commission that the petitioners cease and desist from selling furniture, so constructed, unless such furniture be described, labeled or designated as "veneered," or from using the word "mahogany" or the word "walnut" in advertisements, catalogues, price lists, invoices, or otherwise, in connection with the sale or offering for sale in interstate commerce of furniture so made, unless accompanied by the word or term "veneered."

The record contains testimony to the effect that some retailers are accustomed to follow the invoices in tagging furniture, not only in affixing symbols to the tag indicative of cost, but also in adding the description. It is thus urged on behalf of the commission that the petitioners must be charged with knowledge of this practice, that they are responsible for the probable results of their actions, that the labeling of furniture in this manner by the retailer has a tendency to deceive the ultimate purchaser, and that, in any event, no objection can reasonably be taken to the requirement that all manufacturers fully describe their products as and for what they truly are.

\* \* \* \* \*

There is a complete lack of evidence that the petitioners' products were ever expressly sold as "solid" or unlaminated furniture, but only, at best, as "mahogany" or "walnut," with the barely possible interference therefrom that they were unlaminated. This, we think, is wholly insufficient to support a finding of unfairness in competition with the manufacturers of solid furniture as a whole, even if, indeed, a finer and more costly product may be said at all to be sold in competition, in the proper acceptance of the terms, with that of cheaper and inferior grade. Unfair methods of competition being entirely excluded from the case, it is the duty of the court to reverse the decision of the commission as wholly unsupported by any substantial evidence,

\* \* \* \* \*

In the present case the petitioners have no reasonable ground for believing that the retailer will mark the goods as "solid" or "genuine" mahogany, implying by the latter phrase that no other wood is used, where the catalogues, cost sheets, correspondence, and invoices refer only to mahogany, and where the retailer clearly understands the use of laminated woods. Nor, if the tags follow the invoices and state that the article is "mahogany," have the petitioners reasonable ground for believing that such marking has a tendency to deceive, cheat, or defraud. To us it implies no such result.

The commission decided not to apply to the Supreme Court for certiorari.

Somewhat similar questions are involved in the so-called Rockford furniture cases, now pending before the commission--12 in number.

*Chipman Knitting Mills.*--This name, November 26, 1928, filed with the third circuit (Philadelphia) its petition to review and set aside the commission's order which directed it to cease and desist from directly or indirectly--

(1) Using the word "fashioned," either by itself or in conjunction with any other word or words, as a name for or to describe a stocking, unless said stocking is shaped in the knitting by the process known as "narrowing" or "widening," which involves the transfer of loops or stitches from one needle to another and the dropping or adding of needles in the knitting operation;

(2) Using the word "fashioned," either by itself or in conjunction with any other word or words, as a name for, or to describe, a stocking only part of which is actually shaped in the knitting by the process known as "narrowing" or "widening," which involves the transfer of loops or stitches from one needle to another and the dropping or adding of needles in the knitting operation, unless said word "fashioned" is qualified or limited in such a way as to apply specifically to the part of the stocking thus shaped;

(3) Using the word "fashioned," either by itself or in conjunction with the word "form," as a name for, or in advertising, labeling, and selling, a stocking the leg and heel of which is knitted on a circular knitting machine, with the ankle shaped by cutting out a portion of the material, and the instep, sole, and toe shaped in the knitting on a cotton patent type "footer" machine, by the process known as "narrowing" unless said word "fashioned" is qualified or limited in such a way that it applies specifically to the foot of said stocking;

(4) Using the term "Form Fashioned" as a name and/or label for a stocking which closely simulates in outward appearance and characteristics a full-fashioned stocking, but which in fact is not a full-fashioned stocking;

(5) Using the term "Form Fashioned" as a name and/or label for a stocking which closely simulates a full-fashioned stocking in that it has a full-fashioned foot. a seam up the back, most of which is imitation, imitation "fashion marks" at the back of the calf on each side of the seam, and under the knee, and a heel knitted on a circular knitting machine and cut to shape, which heel closely resembles a full-fashioned heel.

The commission, May 9, filed its answer in the nature of cross bill, and the company, on June 1, 1929, replied to this answer.

A printed transcript of the record was filed with the court on February 28, 1930. On June 4, 1930, the petition for review was dismissed, and the commission's answer in the nature of a cross bill was withdrawn. This action was taken pursuant to the terms of a stipulation, by which the Chipman Knitting Mills acknowledged the commission's order as valid and enforceable, agreed to comply with and abide by its terms, and to file with the commission a report in writing showing compliance therewith. Such report has been filed and accepted by the commission.

*James S. Kirk & Co.*--The corporation of this name, January 12, 1929, filed with the Seventh Circuit (Chicago) its petition to review and set aside the commission's order in this case, which, among other things, directed it to cease and desist from the use of the word "Castile," and the words "Olive Oil Soap," either alone or in conjunction or in association with any other word or words, which are the name of, or are descriptive or suggestive of, an oil or a fat, in labeling, branding, or otherwise describing soap offered for sale or sold in commerce, the oil or fatty composition of which is not wholly derived from olives.

The next steps are printing of the record, briefing, and argument.

*Good Grape Co.*--The commission, February 1, 1929, filed with the Sixth Circuit (Cincinnati) an application for enforcement of its order directed against this company.

The findings were to the effect that this concern was engaged in the manufacture of a concentrate or sirup called by it "Good Grape Concentrate," and in the sale of the same in interstate commerce to bottling plants, for use in the manufacture and subsequent sale to retailers and consumers of a beverage known as "Good Grape"; and that the company, by extensive advertising, represents to the purchasing public that this beverage is the juice of the natural fruit of the vine, when, as a matter of fact, it is an imitation grape product, artificially colored and flavored. The order directed the company to cease and desist from this practice.

The company filed answer to the commission's application April 29, 1929.

It alleged, among other things, that the commission's order was not in conformity with orders theretofore issued in similar cases; that its product was made under a new formula designed to meet the requirements of the commission's original order, and that it had been denied opportunity to make a showing as to this fact; and that the whole matter was under the jurisdiction of the Secretary of Agriculture and not the Federal Trade Commission. The case was argued November 13, 1923.<sup>2</sup>

*Masland Duraleather Co.*--This company, March 28, 1929, filed with the Third Circuit (Philadelphia) its petition to review and set aside the commission's order, entered March 22 1929.

The order had directed the company to cease and desist, in connection with the advertising, offering or sale, and sale, in interstate commerce, of the product "Duraleather," or any imitation or artificial leather or substitute for leather (1) from using the term "Duraleather" as a trade name, brand, stamp, or label for such products; (2) from using the term "Duraleather" on letterheads, envelopes, invoices, signs, in circulars, catalogues, magazines, newspapers, or otherwise to designate or describe such products; and (3) from using the word "leather" or any other word or combination of words in such manner as to import or imply that such products are real leather.

Subsequent developments have been the printing of the transcript, the filing of a cross bill by the commission and the company's answer thereto, the filing of briefs by both parties, argument on June 5, 1929, and decision on September 18, 1929, in favor of the commission (34 F. (2d) 733). The court, in the course of its opinion, said:

"Duraleather" is a coined word. "Dura" admittedly is an abbreviation of the word durable," and the word thus composed can be given no other meaning than "Durable leather." So read and considered, it is an assertion that the product marked, advertised, and sold as "Duraleather" consists of leather. By putting this imitation product bearing a false name into the channels of trade, whatever may have been the petitioners' motive in so doing, they furnished their customers and those dealing with them the means to misrepresent that the goods made from that product were made of leather, and when such a false trade name is subsequently associated with the sale of goods made from such product, the petitioners can not escape legal responsibility by disclaiming any intention to deceive or by showing that those with whom they dealt directly--first purchasers of the product--well knew that it was but an imitation or substitute for the genuine article.

*Ohio Leather Co.*--Petition to review and set aside the commission's order in this case was filed with the Sixth Circuit (Cincinnati), April 2, 1929. Findings were to the effect that the company

<sup>2</sup> The court, Nov. 10 1930, modified and affirmed the commission's order in this case.



was advertising and selling, in interstate commerce, leather made from calfskins, under the trade-name of "Kaffor Kid." The order directed the company, in connection with the advertising and sale of leather made from calfskins, or other leather not made from kid or goatskins, to cease and desist (1) from using the word "Kid" lone or in combination with the word "Kaffor" or other word or words, as a trade or brand name for or as descriptive of any such leather; (2) from using the word "Kid" alone or in combination with the word "Kaffor," or other word or words on labels, letterheads envelopes, or in the advertising or other designation or description of any such leather.

The record has been printed, and the commission has filed an answer in the nature of cross bill, to which the petitioner has replied. On June 5, 1929, the court denied the petitioners' application or motion to have the report of the commission's trial examiner made a part of the record.

The case was argued on the merits, February 11, 1930.<sup>3</sup>

Alfred Kohlberg (Inc.) -Another petition for review filed during April, 1929,, was that by the New York corporation of this name. The court was the Second Circuit (New York City), and the petition was docketed April 19 1929. The order in question directed the corporation and its officers, agents, representatives, servants, and employees to cease and desist (1) from selling, advertising, or offering for sale, in commerce among the several States of the United States, lace made in China or elsewhere than in Ireland under the titles, names, or designations "Chinese Irish Lace," "Irish Crochet Lace," "Siccawei Irish Crochet," "Swataw Irish Crochet," "Swataw Irish Picot," "Siccawei Irish Picot," and "Shanghai Irish Picot"; (2) from selling, advertising, or offering for sale in commerce among the several States of the United States lace made in China or se-where than in Ireland under a title, name, or designation which includes the word "Irish" or any other title, name, or designation suggestive of Ireland as the place of manufacture of such lace.

Before the record had been printed and after the commission had filed its answer in the nature of cross bill, a stipulation was entered into, at the instance of the petitioner, providing for the withdrawal of the petition for review and of the commission's answer, without prejudice to further proceedings by the commission for the enforcement of its order prior to the negotiation of the stipulation, the petitioner filed with the commission a report in writing showing compliance with the order. The order discontinuing the proceeding was signed by the court on July 3, 1929.

*Raladam Co.*--This company, May 16, 1929, filed with the Sixth Circuit (Cincinnati) its petition to review and set aside the commission's order.

The findings were to the effect that the company was selling thyroid "obesity cure" tablets, (under the name "Marmola Prescription Tablets") as safe, effective, and dependable in use, when the present knowledge of thyroid as a remedial agent does not justify such representations. The order directed the cessation of such practices.

Further developments have been: The filing of an answer in the nature of a cross bill by the commission, and of a reply thereto, by the petitioner; the filing of briefs by both parties; argument on

<sup>3</sup> An opinion was handed down Nov.12. 1980. The case was remanded to the commission for taking

of further proofs.

February 12, 1930; and decision, June 28, 1930, vacating and setting aside the commission’s order. The court, in the course of its opinion, said (42 F. (2d) 430):

The first question raised Is whether the advertising representations as to the scientific character and the safety of the remedy are statements of facts or are opinions.

\* \* \* \* \*

Considering and contrasting these views, it seems to us quite impossible to say that the problem whether this remedy, in the environment of these advertisements, is or is not “scientific” is a question of fact, capable of being dogmatically fixed, in one way or the other, as disputed facts are decided. We think that it was at the beginning of the proceeding and continued to the end to be a matter of opinion; and, in final analysis, a matter of opinion as to what definition of the word was more appropriate to the circumstances. The same conclusions prevail in the matter of “safety.”

\* \* \* \* \*

These various considerations merely confirm what to us is clear, even upon first glance, that whether it is “safe” for the public to buy and take Marmola according to instructions is not a matter of fact. It is a matter of expert opinion, as to which there are as many shades and degrees as there are experts who discuss it, and as to which a nonexpert board can hardly have been intended to be umpire.

\* \* \* \* \*

A broader question of the jurisdiction of the commission underlies. In the Sliver case (289 Fed. 985), one member of the court took occasion (p.992) to study the history of the creation and purposes of the Federal Trade Commission. The conclusion was reached that the commission came into being as an aid to the enforcement of the general governmental antitrust and anti-monopoly policy, and that its lawful jurisdiction did not go beyond the limits of fair relationship to that policy. Since that opinion, there has been no decision of the Supreme Court inconsistent therewith, nor any circuit court of appeals decision which expressly denies that theory.

\* \* \* \* \*

The thing forbidden by the statute is unfair competition. This can not exist unless there is competition, and there can not be competition unless there is something to compete with. It must be evident that the trade which was to be protected against restraint (and unfair competition is a kind of restraint) was that legitimate trade which was entitled to hold its own In the trade field without embarrassment from unfair competition. The first thought might be that the one invoking protection should be a particular trader, but the Winsted case (258 U. S. 483) teaches that protection will also be given under this statute to the entire class of trade which is having its former customers taken away from it by false representations that the competing goods are of the same descriptive qualities as those put out by the complaining class. It is apparent from this record, as well as from other recent or pending cases in this court and other decisions of the commission and from announcements by its members shown in this record, that the commission does not take this limited view of its jurisdiction, but that it believes itself authorized to issue its “desist and refrain” orders in any case where it concludes that sales methods may mislead a substantial part of the purchasing public, in a way and to an extent that, in the judgment of the commission, is injurious to the purchaser. The general law of unfair competition uses the misleading of the ultimate retail purchaser as evidence of the primarily vital fact--injury to the lawful dealer; the commission uses this ultimate, presumed injury to the final user as itself the vital fact. The result is a realization of what was suggested in the former opinion as the opened vista (289 Fed. 992-993) and a pro tanto censorship by the commission of all advertising.

\* \* \* \* \*

We have no occasion to deny, nor indeed, reason to doubt, that this elimination would tend to the public good; but we can not think that Congress had any conception that it was creating a tribunal for that kind of action. Its failure for many sessions to pass a proposed “pure fabric” law, and others of similar character, is familiar; but if the commission’s view of its jurisdiction is right, these laws are unnecessary.

The commission filed its petition for writ of certiorari September 27, 1930. Petition was granted November 3, the review to be limited to the question of jurisdiction of the commission.

*N. Fluegelman & Co. (Inc.)*.--The commission's order in this case directed this concern, a New York corporation, and its officers, agents, servants, and employees, to cease and desist, directly or in directly, from using the word "Satinmaid," or any word, or words, or combination of words, embracing the word "satin," as a trade name for, or to describe or designate a cotton fabric offered for sale or sold in interstate commerce. It was entered on April 2, 1929.

The company June 4, 1929, petitioned the Second Circuit (New York City) to have the order reviewed and set aside.- The commission, August 19, 1929, filed its answer in the nature of a cross bill, which the petitioner answered September 7, 1929. On October 24, 1929, the court granted permission to the Rayon Institute of America to file brief amicus curiae.

After briefing, the case was argued December 12, 1929, and on January 6, 1930, the court handed down its decision (37 F.- (2d) 59), modifying and affirming the commission's order. Pertinent excerpts from the opinion are as follows:

The test of the unfair method of competition was not whether a trade-mark may have been registered but whether the method of using it falls within the prohibition of the Federal Trade Commission act which forbids the unfair method of competition in commerce and declares it to be unlawful. Any misleading trade-marks and labels used in merchandising a product which 'misleads the purchasing public is forbidden. (Fed. Trade Comm. v. Winsted Hosiery Co., 258 U. S. 483.) But the evidence concededly shows that "satin" among other things, means the weave of the cloth, and therefore may be used with or without additional qualifying words to describe fabrics or cloths woven in the satin weave. Satin may also be used with qualifying words indicating the yarn in which the fabric described is woven, and such would not be misleading. Thus used, if the word "satin" makes reference to the weave as well as the yarn and the petitioner makes known that the yarn of which the fabric is woven is not silk-yarn usually employed in manufacturing satin--there can be no deception on or misleading of the public. Where cotton yarn is used, reference should be clearly made that it is used. In December, 1925, the parties recognized this by their stipulation and agreed upon a policy of sale, with a reference to the cotton fabric, as safe to the purchasing public. Silk manufacturers, who have a great interest to prevent the sale of materials as silk made when they are not, define satin as including a weave and a silk-faced fabric. The petitioner has a satin weave and there can be no deception by the use of the word "Satinmaid" or "Satinized" If it is sufficiently made known that all of the material used is not silk. Thus the petitioner would describe its "Satinmaid" and "Satinized" as a cotton fabric with a satin weave which, if thus truly made and truthfully displayed and offered to the purchasing public, will not be deceptive. An order which would forbid such merchandising prohibits that which is lawful and the order to cease and desist entered upon such a basis can not stand.

\* \* \* \* \*

Accordingly the order to cease and desist will be modified so as to require the petitioner to cease and desist, directly or indirectly, from using the words "Satinmaid" or "Satinized" or any word or words or combination of words embracing the word "satin" as a trade name for or to describe or designate a cotton fabric offered for sale or sold in Interstate commerce, unless there be added in letters equally conspicuous and on the same side of the label, advertising matter, wrapper, stationery, or board ends on which the words "Satin-maid" or "Satinized" appear, the words "a cotton fabric," "a cotton satin," "no silk," or equivalent modifying terms.

The commission did not apply for certiorari in this case.

**CASES ARISING UNDER SECTIONS 6 AND 9 OF THE FEDERAL TRADE  
COMMISSION ACT**

In addition to the review by the United States Circuit Courts of Appeals of the commission's orders directed against "unfair methods of competition,, issued under authority of section 5 of its organic act, and orders against price discrimination, exclusive dealing contracts, stock acquisition in competitive concerns, and interlocking directorates, issued under authority of section 11 of the Clayton Act, the former statute invests the commission with power, among other things, to gather and compile information concerning and to investigate from time to time the organization, business conduct, practices, and management of corporations engaged in interstate commerce (excepting banks and common carriers) and their relation to other corporations, such corpora individuals, associations, and partnerships; to require such corporations to file annual or special reports concerning their organization, business, etc.; and, upon the direction of the President or either House of Congress, to investigate and report the facts relating to any alleged violations of the antitrust acts by any corporation. To facilitate the exercise of these powers, the commission is authorized to apply to the Attorney General for the institution of mandamus proceedings.

A number of cases have arisen as a result of efforts to test the powers of the commission to compel the production of testimony or of documents in investigations, or to compel the filing of reports. The cases relating to the Claire Furnace Co., the Maynard Coal Co., the American Tobacco and Lorillard Co., the Baltimore Grain Co. and others, and the Basic Products Co., which arose in this manner, were concluded prior to the beginning of the current fiscal year, and have been discussed at length in previous annual reports. Those relating to the Electric Bond & Share Co.- and the Millers' National Federation (still pending) are discussed below, as are also certain proceedings in unf air competition cases, where respondents, through the medium of various extraordinary legal remedies, have sought to halt or influence the conduct of proceedings by the commission.

*Electric Bond & Share Co.*--The commission, December 1, 1928, filed, in the District Court of the United States for the Southern District of New York, its application for an order requiring certain officers and employees of this company tons, produce certain records and answer certain questions incident to the investigation being conducted by the commission pursuant to Senate Resolution 83, directing the commission to investigate and report upon the financial and business structure of the electric power and gas industry, the policies and practices of holding companies and their affiliated companies, their alleged efforts to control public opinion on account of public or municipal ownership, and whether any of the conditions disclosed constituted a violation of the antitrust laws. The objections raised by counsel for the company to administering the oath and interrogation of the witnesses put in issue the fundamental question of the commission's power to issue subpoenas in the investigation directed by the Senate, whether the Electric Bond & Share Co. was engaged in interstate commerce, and whether the attempt to subpoena the records was a violation of the constitutional prohibition of unreasonable search and seizure.

The case was argued before Judge Knox, on February 16, 1929. The commission, on March 9, 1929, submitted a write such offer of additional proof on the issues of fact it claimed were made by the application and answer. Briefs on behalf of the commission and respondents were filed on March 9 and 22, 1929, respectively, and the commission's reply brief on April 2, 1929.

The court, on July 18, 1929, handed down its opinion. (34 F. (2d), 323.) Briefly, the objections of the company to the commission's subpoenas duces tecum were sustained, and those that were interposed to the pertinent and competent questions propounded to the individual witnesses by counsel for the commission were overruled. The court assumed that the company, in part, at least, was engaged in interstate commerce, saying, in this connection:

If respondents wish to contest the propriety of this assumption, the matter will have to go to a master; or, if petitioner (Federal Trade Commission) wishes an adjudication to the effect that the interstate business of the Electric Bond & Share Co. is so intimately associated and connected with interstate commerce that all the company's activities are subject to the jurisdiction of the commission, a reference will be required to establish the fact.

*Millers' National Federation.*--On February 16, 1924 the United States Senate, by resolution, directed the commission to investigate and report to the Senate, among other things, the extent and methods of price fixing, price maintenance, and price discrimination, in the flour and bread industries, developments in the direction of monopoly and concentration of control, and all evidence indicating the existence of agreements, conspiracies, or combinations in these industries.

In the course of the investigation the commission made inquiry with respect to the activities of the Millers' National Federation, a voluntary, unincorporated association, whose members produce approximately 65 per cent of the flour milled in the United States, as well as the activities of other milling associations and corporations engaged in the milling industry. Permission was requested of the Millers' National Federation to inspect certain papers, documents, and correspondence files, which permission was in part granted.

As a result of the inspection of certain correspondence, the commission requested the federation to supply it with copies of certain designated letters, and further requested access, for the purpose of inspection, to minutes of meetings among members of the federation and other millers in various parts of the country and to letters passing between the federation and its members leading up to the adoption of a so-called code of ethics by the federation. The request was denied. The commission thereafter called a hearing in the investigation at Chicago and served subpoenas upon the secretary of the federation requiring him to produce at the hearing certain letters specified by dates, names of the parties correspondent, and subject matter, which its representative had been permitted to inspect in the federation's offices. Subpoenas were also served upon

the secretary requiring the production of minutes of the meetings among members of the federation and other millers above mentioned (inspection of which had been denied) and of the letters relating to the adoption of the code of ethics. The Washburn-

Crosby Co., a member of the federation and the largest milling corporation in the

United States, having also refused to permit the commission to inspect certain such letters specified by dates, names of parties correspondent, and subject matter, as well as having declined to permit a statement of its business, made up from its books by representatives of the commission, to be taken from its offices, subpoenas duces tecum were served upon officers of the corporation, requiring the production of the letters and of the statement, at a hearing to be held at Minneapolis, Minn.

On the day prior to the hearing set for Chicago, Ill., the Millers' National Federation on behalf of its members filed a petition in the Supreme Court of the District of Columbia for a temporary restraining order and a temporary injunction restraining the commission from taking any steps or instituting any proceedings to enforce the subpoenas or requiring the plaintiffs, or any of them, to produce the documents or letters required thereby. On the day of hearing set at Chicago the secretary of the federation, the officers the Washburn-Crosby Co., and certain individuals connected with the federation through membership therein of corporations in which they were officers, did not appear as required by subpoenas ad testificandum, and on the morning of the same day a temporary restraining order was issued by the Supreme Court of the District of Columbia as prayed for in the petition. A motion for temporary injunction was subsequently made. The commission answered the motion on the merits and moved to dismiss the petition on various grounds, among others, that the court was without jurisdiction to restrain the commission from proceeding with the hearing. Both motions were argued, and on September 22, 1926, the court rendered its decision granting the temporary injunction (decision not reported). From this an appeal was taken on December 10, 1926, to the Court of Appeals of the District of Columbia. Before hearing on this appeal was had the commission, on March 30, 1927, petitioned the Supreme Court of the United States for certiorari, which was denied on April 25, 1927 (274 U. S. 743), thus leaving the case to be heard on the appeal in the Court of Appeals of the District of Columbia.

After briefs and arguments, the Court of Appeals, on December 5, 1927, affirmed the decree of the Supreme Court of the District (23 F. (2d) 968), and remanded the case for further proceedings. The court held that the opinion of the Supreme Court of the United States in the Claire Furnace Co. case was not controlling, that the present case must be determined upon principles not obtaining in that case, and that injunction would be to restrain the commission, should the court find, on a final determination of the case on its merits, that the commission had exceeded its jurisdiction. In short its holding was that the Supreme Court of the District had jurisdiction to determine the matter.

The commission, December 12, 1927, filed a petition for rehearing, on the ground that the court had failed to decide the point of law which the principal basis for the judgment below, and practically the sole ground assigned in the petition for special appeal on which the case was heard in the court of appeals-the court below holding that sections 6 and 9 of the Federal Trade Commission act did not confer any jurisdiction upon the commission to employ



subpoenas in any investigation made under section 6 of the act, but that the statute conferred power upon the commission to employ subpoenas only in adversary proceedings conducted under authority of section 5. The petition for rehearing was denied on January 21, 1928.

The commission filed answer to the amended bill of complaint on February 14, 1928. On March 23 1928 the court granted the motion of the federation for leave to file supplemental bill of complaint, in which it was claimed that final decree should issue against the commission, on the ground that its investigation had been completed, final report made to the Senate, and its authority thereby exhausted. The commission's answer to this supplemental bill was filed on April 4, 1928. Subsequent negotiations resulted in the adoption of an agreed statement of the facts, in lieu of taking testimony, in the suit for permanent injunction, in the Supreme Court of the District of Columbia. This stipulation, signed by counsel, agrees that all of the letters and documents included in the subpoenas issued by the commission and directed to the secretary of the Millers' National Federation, "are pertinent, relevant, and material to some one or more of the subjects of inquiry embraced within that part of Senate Resolution No.163, which reads as follows: 'The extent and methods of price fixing, price maintenance, and price discrimination; the developments in the direction of monopoly and concentration of control in the milling and baking industries and all evidence indicating the existence of agreements, conspiracies, or combinations in restraint of trade' "; and that "none of said documents are private or confidential in the sense that they would be privileged from production as evidence if lawfully required in a trial before a court.

The case was argued on the merits on January 15, 1930, and the court, on May 26, 1930, decided the case adversely to the commission. No opinion was filed, and no reason given for the action of the court. A decree, making permanent the temporary injunction hitherto issued, was entered June 11, 1930. The commission noted an appeal to the Court of Appeals of the District of Columbia, filing its assignments of error and designation of the record on July 2, 1930. The transcript has been printed, and the case is now set for argument on December 1, 1930.

*Macfadden Publications.*--The commission's complaint charged the corporation of this name, which owns and controls the stock of other concerns engaged in publishing magazines, periodicals, etc., with representations that the subscription prices of its magazines had been lowered for certain periods when such was not the case. During the trial of the case, the corporation sought, by writ of mandamus, to compel the commission to issue subpoenas duces tecum directed to its competitors, ostensibly to show that they were following the same practices with which the corporation stood charged.

The Supreme Court of the District of Columbia, where the action was brought, on May 17, 1929, overruled the petitioner's demurrer to the commission's answer and return, discharged the rule to show cause, and denied the petition for the writ.

The petitioner appealed the case to the Court of Appeals of the District of Columbia, and this court, after briefing and argument,

on January 7, 1930, affirmed the judgment of the lower court, saying, in the course of its opinion (not yet reported),:

It thus appears that the statute provides a plain, adequate and exclusive method by judicial review for the correction of any error which the commission may commit in such a proceeding. This being the case it follows that mandamus can not be granted as an alternative or additional remedy, for it is well settled that the writ will not issue where there is any other adequate legal remedy. Nor can the writ be made to perform the office of an appeal or writ of error or be used as a substitute for either.

No attempt was made to obtain a review of this decision by certiorari.

*Royal Baking Powder Co.*--(Federal Trade Commission act, sec. 5.) This company was charged, on complaint of the commission, with publishing false statements about the products of competitors, among which were (1) that competitors' baking powders contained alum and were therefore unfit for use in foods; (2) that the alum contained in such powders is the astringent commonly sold in drug stores under the name of alum and chemically known as potassium aluminum sulphate; (3) that competitors' baking powders are poisonous, that they are made of ground-up cooking utensils, that they do not come within the pure food laws that they pucker up the stomach in the same manner that lump alum puckers up the mouth, and that they are made of the same substance used as a styptic after shaving. It was further charged that respondent had advertised anonymously to the same effect.

Answer was filed, testimony taken, and briefs and oral argument presented to the commission. Thereafter, on March 23, 1926, the commission issued its order dismissing the proceedings. On the same day counsel for the commission filed a petition for reargument of the case before the commission, which petition was on said day granted. Notices of such dismissal and the granting of the petition for reargument were served upon the baking powder company simultaneously. Thereafter the case was reargued before the commission, upon which it vacated its order of dismissal entered March 23, 1926, and directed the reopening of the case solely for the taking of further testimony with respect to misleading advertising, anonymous advertising, and the circulation of erroneous extracts from the book *A Collation of Cakes*.

The order expressly provided that no evidence be taken with respect to statement by the respondent relative to the deleteriousness of alum baking powder and also confirmed the previous dismissal with respect to the use by respondent of the slogan "No alum--no bitter taste," since the commission was of opinion that its use as before them in this case was not an unfair method of competition.

Thereupon, October 22, 1926, the *Royal Baking Powder Co.* filed in the Supreme Court of the District of Columbia a petition for a writ of certiorari, the court causing such a writ to be issued and served upon the commission, commanding it to certify and transmit to that court the record and papers in the case before the commission, it being the contention of the company that the commission lost jurisdiction of the proceedings before it upon its entering the order of dismissal of March 23, 1926.

On October 30, 1926, the commission moved the court to dismiss the petition and to quash the writ of certiorari, and on November 13,

1926, in addition to its motion to quash the writ of certiorari, the commission also filed a demurrer to the petition. Thereafter the matter was argued, briefs were filed, and on June 21, 1927, the court rendered its decision sustaining the commission's motion to quash the writ of certiorari on the ground of lack of jurisdiction in the court. (Not reported.)

The court declined to pass upon the demurrer to the petition, offering at the election of the petitioner to transfer the matter to the equity side of the court. This was done, and the equity court, on November 7, 1927, granted the commission's motion to dismiss the bill, saying (decision not reported): "From an examination of the decided cases upon the questions presented herein the court is of opinion that, by the entry of the order of dismissal, on March 23, 1926, the commission did not exhaust its jurisdiction over the case pending before it; that its order reopening the case, as well as its subsequent orders in relation thereto, were administrative and procedural in character; and that the same are not subject to review by this court."

Final decree was signed November 15, 1927, the court at the time taking occasion to discuss allowance of writ of supersedeas, applied for by the company. It said: "It is not here necessary to decide whether this court, because of the limitation of the equity rule, is or is not vested with discretion to grant a supersedeas rule, supra, which shall operate as an injunction against the Federal Trade Commission pending the appeal; but in view of the fact that this court reached the conclusion herein that the several orders complained of were administrative and procedural and as such not here properly subject to review, it is of opinion that it should not thus do indirectly that which it had directly held it had no right or jurisdiction to do."

The company noted an appeal to the Court of Appeals of the District of Columbia, and on March 22, 1928, filed the transcript of record with this court. The commission, on April 7, 1928, filed a motion to dismiss the appeal, on the ground that the transcript had not been filed within the time provided by the new rules of the court of appeals, effective December 1, 1927. The motion, however, was denied. The printed transcript of record was filed on June 28, 1928. Briefs were subsequently filed, and the case argued April 2, 1929. On May 6, 1929, the decree of the Supreme Court was affirmed (32 F. (2d), 966).

The company petitioned the Supreme Court of the United States for writ of certiorari on July 6, 1929. The commission's brief in opposition was filed on August 21, 1929. The petition was denied October 21, 1929. The company petitioned for rehearing November 1; this was denied November 4, 1929.

*Royal Baking Powder Co. (mandamus to compel commission to pass upon affidavit of prejudice against member of commission).*--In connection with a proceeding then pending before the commission against the company referred to, and before decision by the commission on a motion to dismiss the said complaint filed by the respondent company, the latter, on May 31 and June 4, 1928, filed in said cause certain petitions in the form of affidavits, in which it was charged that one of the members of the commission was so biased and prejudiced against the company as to be unable to give fair and impartial consideration to matters affecting said company, and in which sug-

gestion was made that this commissioner would, on consideration of the facts, admit the impropriety of his continuing to sit in judgment in matters concerning the Royal Baking Powder Co.

The petitions prayed that the commission take action to prevent further participation by this commissioner in deliberations or decisions in matters and proceedings coming before the commission in which the company was a party or had an interest.- On June 11, 1928, the commission entered an order overruling the motion to dismiss? and on June 28, 1928, a further order was entered postponing consideration of the petitions (in the form of affidavits of prejudice) until the final hearing of the case.

The company thereupon, on June 30, 1928, filed with the Supreme Court of the District of Columbia its petition praying that a rule issue requiring the commission to show cause why a writ of mandamus should not issue against it, requiring it, before any other or further action is taken in connection with the pending proceeding (Doc. 1499), or in any other matter in which the company is a party or has an interest, to pass upon and announce decision on the prayers in the petition in the form of affidavits of prejudice referred to.

On July 16, 1928, the court granted the company's motion to strike the commission's answer, with leave to the commission to file an amended answer. This was done on July 25, 1928.

Further developments have been the denial of the motion to strike the amended answer, the issuance of a writ of prohibition directed to the commission, argument on the commission's motion to quash the writ of prohibition, and argument on the motion of the commission for prior determination of questions of law (demurrer) .

On May 17, 1929, the court sustained the commission's demurrer, discharged the rule to show cause, dismissed the petition for writ of mandamus, and granted the commission's motion to quash the petition for writ of prohibition, thus disposing of all the issues before it in favor of the commission.

The company appealed to the Court of Appeals of the District of Columbia. After filing the transcript, and prior to briefing and argument, the appeal was, on motion of the company, dismissed (December 31, 1929).

## METHODS OF COMPETITION CONDEMNED

The following list shows unfair methods of competition and Clayton Act violations which have from time to time been condemned by the commission and prohibited by orders to cease and desist:

Misbranding of fabrics and other commodities respecting the materials or ingredients of which they are composed, their quality, origin, or source.

Adulteration of commodities, misrepresenting them as pure, or selling the in under such names and circumstances that the purchaser would be misled into believing them to be pure.

Bribery of buyers or other employees of customers and prospective customers to secure new customers or induce continuation of patronage.

Making unduly large contributions of money to associations of customers.

Procuring the business of trade secrets of competitors by espionage, by bribing their employees, or by similar means.

Procuring breach of competitor's contracts for the sale of products by misrepresentation or by other means.

Inducing employees of competitors to violate their contracts or enticing a way employees of competitors in such numbers or under such circumstances as to hamper or embarrass them in business.

Making false or disparaging statements respecting competitors' products, their business, financial credit, etc.

The use of false or misleading advertisements.

Making vague and indefinite threats of patent-infringement suits against the trade generally, the threats being couched in such general language as not to convey a clear idea of the rights alleged to be infringed, but, nevertheless, causing uneasiness and fear in the trade.

Widespread threats to the trade of suits for patent infringement arising from the sale of alleged infringing products of competitors, such threats not being made in good faith but for the purpose of intimidating the trade.

False claims to patent, trade-mark, or other rights or misrepresenting the scope thereof; appropriating and using trade-marks wrongfully.

Intimidation for the purpose of accomplishing enforced dealing by falsely charging disloyalty to the Government.

Tampering with and misadjusting the machines sold by competitors for the purpose of discrediting them with purchaser.

Trade boycotts or combinations of traders to prevent certain wholesale or retail dealers or certain classes of such dealers from procuring goods or goods at the same terms accorded to the boycotters or conspirators, or to coerce the trade policy of their competitors or of manufacturers from whom they buy.

Passing off of products, facilities, or business of one manufacturer or dealer for those of another by imitation of product, dress of goods, or by simulation or appropriation of advertising or of corporate or trade names; or of places of business, and passing off by a manufacturer of an inferior product for a superior product theretofore made, advertised, and sold by him.

Unauthorized appropriation of the results of a competitor's ingenuity, labor, and expense; thereby avoiding costs otherwise necessarily involved in production.

Preventing competitors from procuring advertising space in newspapers or periodicals by misrepresenting their standing, or other misrepresentation calculated to prejudice advertising mediums against them.

Misrepresentation in the sale of stock of corporations.

#### SELLING REBUILT MACHINES AS NEW PRODUCTS

Selling rebuilt machines of various descriptions, rebuilt automobile tires, and old motion-picture films slightly changed and renamed as and for new products.

Harassing competitors by requests, not in good faith, for estimates on bills of goods, for catalogues, etc.

Giving away of goods in large quantities to hamper and embarrass small competitors and selling goods at cost to accomplish the same purpose.

Sales of goods at cost, coupled with statements misleading the public into the belief that they are sold at a profit.

Bidding up the prices of raw materials to a point where the business is unprofitable for the purpose of driving out financially weaker competitors.

The use by monopolistic concerns of concealed subsidiaries for carrying on their business, such concerns being held out as not connected with the controlling company.

Intentional appropriation or converting to one's own use of raw materials of competitors by diverting shipments.

Giving and ordering to give premiums of unequal value, the particular premiums received to be determined by lot or chance, thus in effect setting up a lottery.

Schemes and devices for compelling wholesalers and retailers to maintain resale prices on products fixed by the manufacturer.

Combinations of competitors to enhance prices, maintain prices, bring about substantial uniformity in prices, or to divide territory or business, or to put a competitor out of business, or to close a market to competitors.

Acquiring stock of another corporation or corporations where the effect maybe to substantially lessen competition, restrain commerce, or tend to create a monopoly.

#### USE OF VARIOUS SCHEMES TO DEFRAUD THE CUSTOMER

Various schemes to create the impression in the mind of the prospective customer that he is being offered an opportunity to make a purchase under unusually favorable conditions when such is not the case, such as--

(1) Sales plans in which the seller's usual price is falsely represented as a special reduced price made available on some pretext for a limited time or to a limited class only.

(2) The use of the "free" goods or service device to create the false impression that something is actually being thrown in without charge, when, as a matter of fact, fully covered by the amount exacted in the transaction taken as a whole

(3) Sales of goods in combination lots only with abnormally low figures assigned to staples, the prices of which are well known, and correspondingly highly compensating prices assigned to staples, the cost of which is not well known.

(4) Sale of ordinary commercial merchandise at usual prices and profits as pretended Government war surplus offered at a bargain.

(5) Use of misleading trade names calculated to create the impression that a dealer is a manufacturer selling directly to the consumer with corresponding savings.

(6) Plans ostensibly based on chance or services to be rendered by the prospective customer whereby he may be able to secure goods contracted for at particularly low prices or without completing all the payments undertaken by him, when, as a matter of fact, such plans are not carried out as represented and are a mere lure to secure his business.

(7) Use of pretended exaggerated retail prices in connection with or upon the containers of commodities intended to be sold as bargains at lower figures.

(8) Falsely claiming forced sale of stock, with resulting forced price concessions, when, as a matter of fact, inferior goods are mingled with the customary stock.

Seeking to cut off and hamper competitors in marketing their products through destroying or removing their sales display and advertising mediums.

Discriminating in price, with the effect of substantially lessening competition.

Subsidizing public officials or employees through employing them or their relatives under such circumstances as to enlist their interests in situations in which they will be called upon by virtue of their official position to act officially, making unauthorized changes in proposed municipal bond issues, corruption public officials or employees and forging their signatures, using numerous other grossly fraudulent, coercive, and oppressive practices in dealing with small municipalities.

Suggesting to prospective customers the use of specific, unfair, and dishonorable practices directed at competitors of the seller.

#### STANDARD CONTAINERS FOR LESS THAN STANDARD WEIGHTS

Imitating or using standard containers customarily associated in the mind of the general purchasing public with standard weights of the product therein contained, to sell to said public such commodity in weights less than the aforementioned standard weights.

Concealing business identity in connection with the marketing of one's product, or misrepresenting the seller's relation to others, e. g., claiming falsely to be the agent or employee of some other concern, or failing to disclose the termination of such a relationship in soliciting customers of such concern, etc.

Misrepresenting in various ways the advantages to the prospective customer of dealing with the seller, such as-

- (1) Seller's alleged advantages of location or size.
- (2) False claims of being the authorized distributor of some concern.
- (3) Alleged indorsement of the concern or product by the Government or by nationally known businesses.
- (4) False claim by a dealer in domestic products of being an importer, or by a dealer of being a manufacturer, or by a manufacturer of some product, of being also the manufacturer of the raw material entering into said product.
- (5) False claim of "no extra charge for credit."
- (6) Being manufacturer's representative and outlet for surplus stock sold at a sacrifice, etc.

Tying or exclusive contracts, leases or dealings in which in consideration of the granting of certain rebates or refunds to the customer, or the right to use certain patented equipment, etc., the customer binds himself to deal only in the products of the seller or lessor.

Showing and selling prospective customers articles not conforming to those advertised, in response to inquiries, without so stating.

Direct misrepresentation of the composition, nature, or qualities of the product offered and sold.

Use by business concerns associated as trade organizations or otherwise of methods which result or are calculated to result in the observance of uniform prices or practices for the products dealt in by them with consequent restraint or elimination of competition, such as use of various kinds of so-called standard cost systems, price lists or guides, exchange of trade information, etc.

Securing business through undertakings not carried out and through dishonest and oppressive devices calculated to entrap and coerce the customer or prospective customer, such as:

- (1) Securing prospective customer's signature by deceit to a contract and promissory note represented as simply an order on approval, securing agents to distribute the seller's products through promising to refund the money paid by them should the product prove unsatisfactory, and through other undertakings not carried out.
- (2) Securing business by advertising a "free trial" offer proposition, when, as a matter of fact, only a "money back" opportunity is offered the prospective customer, etc.

#### UNDESERVED VALUES THROUGH MISLEADING NAMES

Giving products misleading names so as to give them a value to the purchasing public or to a part thereof which they would not otherwise possess, such as--

- (1) Names implying falsely that the particular products so named were made for the Government or in accordance with its specifications and of corresponding quality, or are connected with it in some way, or in some way have been passed upon, inspected, underwritten, or indorsed by it.

(2) That they are composed in whole or in part of ingredients or materials, respectively, contained only to a limited extent or not at all.

(3) That they were made in or came from some locality famous for the quality of such products.

(4) That they were made by some well and favorably known process, when, as a matter of fact, only made in imitation of and by a substitute for such process.

(5) That they have been inspected, passed, or approved after meeting the tests of some official organization charged with the duty of making such tests expertly and disinterestedly or giving such approval.

(6) That they were made under conditions or circumstances considered of importance by a substantial fraction of the general purchasing public, etc.

Interfering with established methods of securing supplies in different businesses in order to hamper or obstruct competitors in securing their supplies.

**TABLES SUMMARIZING WORK OF THE LEGAL DIVISION AND  
COURT PROCEEDINGS, 1915-1930**

TABLE 1.--*Preliminary inquiries*

	1915	1916	1917	1918	1919	1920	1921	1922
Pending beginning of year	0	4	12	32	19	29	61	68
Instituted during year	119	265	462	611	843	1,107	1,070	1,223
Total for disposition	119	269	474	643	862	1,136	1,131	1,291
Dismissed after investigation	3	123	289	292	298	351	500	731
Docketed as applications for complaints	112	134	153	332	535	724	563	413
Total disposition during year	115	257	442	624	833	1,075	1,063	1,144
Pending end of year	4	12	32	19	29	61	68	147
	1923	1924	1925	1926	1927	1928	1929	1930
Pending beginning of year	147	102	191	176	298	328	224	260
Instituted during year	1,234	1,568	1,612	1,483	1,265	1,331	1,469	1,505
Total for disposition	1,381	1,670	1,803	1,659	1,563	1,659	1,693	1,765
Dismissed after investigation	897	1,157	1,270	1,075	942	1,153	1,649	1,060
Docketed as applications for complaints	382	322	357	286	293	282	384	296
Total disposition during year	1,279	1,479	1,627	1,361	1,235	1,435	1,433	1,356
Pending end of year	102	191	176	298	328	224	260	409

CUMULATIVE SUMMARY TO JUNE 30, 1930.

Inquiries instituted	17,107
Dismissed after investigation	11,146
Docketed as applications for complaints	<u>5,612</u>
Total disposition	<u>16,758</u>
Pending June 30, 1930	409

TABLE 2.--*Export trade investigations*

	1922	1923	1924	1925	1926	1927	1928	1929	1930
Pending beginning year	53	35	79	43	10	10	29	42	40
Instituted during year	10	79	16	11	52	54	68	20	11
Total for disposition	63	114	95	54	62	70	97	62	51
Disposition during year	28	35	52	44	40	41	55	22	24
Pending end of year	35	79	43	10	10	29	42	40	27

CUMULATIVE SUMMARY TO JUNE 30, 1930

Investigations instituted	374
Total disposition	<u>347</u>
Pending June 30, 1930	27



Default	0	0	0	0	0	0	0	0
Dismissals:								
Stipulated	0	0	0	0	0	0	0	0
Trade-practice acceptance	0	0	0	0	0	0	0	0
Others	0	0	1	7	13	44	37	75
Total disposition during								
year	0	0	4	78	88	154	153	166
Pending end of year	0	5	10	86	133	287	312	257

SUMMARY OF LEGAL WORK

TABLE 4.--*Complaints*--Continued

	1923	1924	1925	1928	1927	1928	1929	1930
Pending beginning of year	257	232	264	220	152	147	136	198
Complaints docketed	144	154	132	62	76	64	149	172
Rescinded orders to cease and desist:								
Contest	0	4	0	0	0	1	0	0
Consent	0	1	0	0	0	0	0	0
Default	0	0	0	0	0	0	0	0
Rescinded dismissals:								
Stipulated	0	0	0	0	0	0	0	0
Trade-practice acceptance	0	0	0	0	0	0	0	0
Others	1	1	0	0	1	0	0	0
Total for disposition	402	392	396	282	229	212	285	370
Complaints rescinded	0	0	0	0	0	0	0	3
Orders to cease and desist:								
Contest	28	45	30	28	34	38	56	36
Consent	54	47	43	16	18	8	7	11
Default	0	0	0	0	0	2	4	1
Dismissals:								
Stipulated	0	0	6	3	1	3	3	3
Trade-practice acceptance	0	0	0	0	5	5	1	0
Others	88	38	97	83	24	20	16	41
Total disposition during year	170	128	176	130	82	76	87	95
Pending end of year	232	264	220	152	147	136	198	275

CUMULATIVE SUMMARY TO JUNE 30, 1930

Complaints		1,852
Rescinded orders to cease and desist:		
Contest	5	
Consent	1	
Default	<u>0</u>	
Total rescinded orders to cease and desist		6
Rescinded dismissals:		
Stipulated	0	
Trade-practice acceptance	0	
Others	<u>4</u>	
Total rescinded dismissals		4
Total for disposition		1,862
Complaints rescinded		3
Orders to cease and desist:		
Contest	744	
Consent	221	
Default	<u>7</u>	
Total orders to cease and desist		972
Dismissals:		
Stipulated	19	
Trade-practice acceptance	11	
Others	<u>582</u>	
Total dismissals		612
Total disposition		<u>1,587</u>
Pending June 30, 1930		275

## COURT PROCEEDINGS--ORDERS TO CEASE AND DESIST

TABLE 5.--Petitions for-- review--Lower courts

	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930
Pending beginning of year	0	2	8	13	9	4	14	9	8	3	3	35
Appealed	4	9	18	5	5	15	6	5	4	4	34	1
Total for disposition	4	11	26	18	14	19	20	14	12	7	37	36
Decisions for Commission	1	0	1	4	5	1	6	5	4	3	1	4
Decisions for others	1	3	11	5	4	4	3	1	2	1	1	26
Petitions withdrawn	0	0	1	0	1	0	2	0	3	0	0	3
Total disposition during year	2	3	13	9	10	5	11	6	9	4	2	33
Pending end of year	2	8	13	9	4	14	9	8	3	3	35	3

## CUMULATIVE SUMMARY TO JUNE 30, 1930

Appealed	111
Decisions for commission	36
Decisions against commission	1 62
Petitions withdrawn	10
Total disposition	108
Pending June 30, 1930	3

1 The above table states that 62 cases have been decided adversely to the commission in the circuit courts of appeals. However, the Grand Rapids furniture (vener) group (with 25 different docket numbers) is in reality 1 case, with 25 different subdivisions. It was trial, briefed, and argued as 1 case, and was so decided by the court of appeals.- The same holds true of the curb-pump group (with 12 different subdivisions). In reality, therefore, these 37 docket numbers mean but 2 cases, and if cases and not docket numbers are counted, the total of adverse decisions would be 27.

TABLE 6.--Petitions for review--Supreme Court of the United, States

	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930
Pending beginning of year	0	0	1	3	3	1	0	4	6	1	0	1
Appealed by Commission	0	2	2	4	5	0	5	2	1	0	0	1
Appealed by others	0	0	0	0	2	1	1	3	1	0	2	0
Total for disposition	0	2	3	7	10	2	6	9	8	1	2	2
Decisions for Commission	0	0	0	2	0	0	0	3	0	0	0	0
Decisions for others	0	1	0	0	5	1	0	2	0	0	0	1
Petitions withdrawn by Commission	0	0	0	0	1	0	0	0	0	0	0	1
Writ denied Commission	0	0	0	2	1	0	1	2	1	0	0	0
Writ denied others	0	0	0	0	2	1	1	1	1	1	1	0
Total disposition during year	0	1	0	4	9	2	2	3	7	1	1	2
Pending end of year	0	1	3	3	1	0	4	6	1	0	1	0

## CUMULATIVE SUMMARY TO JUNE 30, 1930

Appealed by commission	22
Appealed by others	11
Total appealed	33
Decisions for commission	5
Decisions against commission	10
Petitions withdrawn by commission	2
Writ denied commission	7
Writ denied others	9
Total disposition	33

Pending June 30, 1930

0

TABLE 7.--*Petitions for enforcement--lower courts*

	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930
Pending beginning of year	0	0	0	0	0	0	1	0	2	3	2	5
Appealed	0	0	0	0	1	1	1	3	2	3	9	4
Total for disposition	0	0	0	0	1	1	2	3	4	6	11	9
Decisions for Commission	0	0	0	0	1	0	2	0	0	1	5	4
Decisions for others	0	0	0	0	0	0	0	1	0	1	0	1
Petitions by commission denied	0	0	0	0	0	0	1	1	0	0	1	0
Petitions withdrawn	0	0	0	0	0	0	0	0	1	2	1	1
Total disposition during year	0	0	0	0	1	0	2	1	1	4	6	6
Pending end of year	0	0	0	0	0	1	0	2	3	2	5	3

## CUMULATIVE SUMMARY TO JUNE 30, 1930

Appealed	24
Decisions for commission	11
Decisions against commission	1
Petitions by commission denied	3
Petitions withdrawn	5
Total disposition	20
Pending June 30, 1930	4

TABLE 8.--*Petitions for enforcement--Supreme Court of the United States*

	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930
Pending beginning of year	0	0	0	0	0	0	0	0	1	0	0	1
Appealed by Commission	0	0	0	0	0	0	0	0	0	0	1	0
Appealed by others	0	0	0	0	0	0	0	1	0	1	0	1
Total for disposition	0	0	0	0	0	0	0	1	1	1	1	2
Decisions for Commission	0	0	0	0	0	0	0	0	0	0	0	0
Decisions for others	0	0	0	0	0	0	0	0	1	0	0	1
Certiorari denied others	0	0	0	0	0	0	0	0	0	1	0	1
Total disposition during year	0	0	0	0	0	0	0	0	1	1	0	2
Pending end of year	0	0	0	0	0	0	0	1	0	0	1	0

## CUMULATIVE SUMMARY TO JUNE 30, 1930

Appealed	5
Decisions for commission	1
Decisions against commission	2
Petitions by others denied	<u>2</u>
Total disposition	<u>5</u>
Pending June 30, 1930	0

TABLE 9.--*Petitions for rehearing, modification, etc.--Lower courts*

	1919	1920	1921	1922	1923	1924	1926	1926	1927	1928	1929	1930
Pending beginning of year	0	0	1	0	1	0	0	2	1	1	0	0
Appealed	0	1	0	2	0	2	8	3	0	1	1	2
Total for disposition	0	1	1	2	1	2	8	5	1	2	1	2
Decisions for commission	0	0	0	1	0	0	1	0	0	0	1	0
Decisions against commission	0	0	0	0	0	0	1	0	0	1	0	0
Petitions by commission denied	0	0	1	0	0	2	1	2	0	1	0	1
Petitions by others denied	0	0	0	0	1	0	3	2	0	0	0	1
Total disposition during year	0	0	1	1	1	2	6	4	0	2	1	2
Pending end of year	0	1	0	1	0	0	2	1	1	0	0	0

## CUMULATIVE SUMMARY TO JUNE 30, 1930

Appealed	20
Decisions for commission	3
Decisions against commission	2
Petitions by commission denied	8
Petitions by others denied	<u>7</u>
Total disposition	<u>20</u>
Pending June 30, 1930	0

TABLE 10.--*Petitions for rehearing, modification, etc.--Supreme Court of the United States*

	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930
Pending beginning of year	0	0	0	0	0	0	0	0	0	0	0	0
Appealed	0	0	0	1	0	0	0	1	4	0	0	1
Total for disposition	0	0	0	1	0	0	0	1	4	0	0	1
Petitions by commission denied	0	0	0	0	0	0	0	0	2	0	0	0
Petitions by others denied	0	0	0	1	0	0	0	1	2	0	0	0
Total disposition during year	0	0	0	1	0	0	0	1	4	0	0	0
Pending end of year	0	0	0	0	0	0	0	0	0	0	0	1

## CUMULATIVE SUMMARY TO JUNE 30, 1930

Appealed	7
Petitions by commission denied	2
Petitions by others denied	<u>4</u>
Total disposition	<u>6</u>
Pending June 30, 1930	1

**COURT PROCEEDING MISCELLANEOUS**

TABLE 11.--*Interlocutory, mandamus, etc.--Lower courts*

	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930
Pending beginning of year	0	1	4	5	6	4	4	4	4	5	3	2
Appealed	2	4	2	6	5	0	1	1	2	2	2	2
Total for disposition	2	5	6	11	11	4	5	5	6	7	5	4
Decisions for Commission	1	0	1	3	0	0	0	0	1	1	3	1
Decisions against commission	0	1	0	1	7	0	0	0	0	1	0	2
Petitions withdrawn by Commission	0	0	0	0	0	0	1	1	0	2	0	0
Petitions withdrawn by others	0	0	0	1	0	0	0	0	0	0	0	1
Total disposition during year	1	1	1	5	7	0	1	1	1	4	3	4
Pending end of year	1	4	5	6	4	4	4	4	5	3	2	0

CUMULATIVE SUMMARY TO JUNE 30, 1030

Appealed	29
Decisions for commission	11
Decisions against commission	12
Petitions withdrawn by commission	4
Petitions withdrawn by others	<u>2</u>
Total disposition	<u>29</u>
Pending June 30, 1930	0

TABLE 12.--*Interlocutory, mandamus, etc.--Supreme Court of the United States*

	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930
Pending beginning of year	0	0	0	0	0	6	4	1	1	0	0	0
Appealed	0	0	0	0	6	0	0	0	1	0	0	1
Total for disposition	0	0	0	0	6	6	4	1	2	0	0	1
Decisions for Commission	0	0	0	0	0	0	0	0	1	0	0	0
Decisions against commission	0	0	0	0	0	2	3	0	0	0	0	0
Certiorari denied Commission	0	0	0	0	0	0	0	0	1	0	0	0
Certiorari denied others	0	0	0	0	0	0	0	0	0	0	0	1
Total disposition during	0	0	0	0	0	2	3	0	2	0	0	1
Pending end of year	0	0	0	0	6	4	1	1	0	0	0	0

CUMULATIVE SUMMARY TO JUNE 30, 1030

Appealed	8
Decisions for commission	1
Decisions against commission	5
Petitions by commission denied	1
Petitions by others denied	<u>1</u>
Total disposition	<u>8</u>
Pending June 30, 1930	0

TABLE 13.--*Interlocutory, mandamus, etc.--Rehearing, modification, etc.--Lower courts*

	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930
Pending beginning of year	0	0	0	0	0	0	0	0	0	0	0	0
Appealed	0	0	0	0	0	0	0	0	0	2	0	0
Total for disposition	0	0	0	0	0	0	0	0	0	2	0	0
Decisions for commission	0	0	0	0	0	0	0	0	1	0	0	0
Petitions by commission denied	0	0	0	0	0	0	0	0	0	1	0	0
Total disposition during year	0	0	0	0	0	0	0	0	2	0	0	0
Pending end of year	0	0	0	0	0	0	0	0	0	0	0	0

## CUMULATIVE SUMMARY--TO JUNE 30, 1930

Appealed	2
Decisions for commission	1
Petitions by commission denied	<u>1</u>
Total disposition	<u>2</u>
Pending June 30, 1929	0

TABLE 14.--*Interlocutory, mandamus, etc.--Rehearing, modification, etc.--Supreme Court of the United States*

	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930
Pending beginning of year	0	0	0	0	0	0	0	0	0	0	0	0
Appealed	0	0	0	0	0	2	0	0	0	0	0	1
Total for disposition	0	0	0	0	0	2	0	0	0	0	0	1
Petitions by commission denied	0	0	0	0	0	2	0	0	0	0	0	0
Petitions by others denied	0	0	0	0	0	0	0	0	0	0	0	1
Total disposition during year	0	0	0	2	0	0	0	0	0	0	0	1
Pending end of year	0	0	0	0	0	0	0	0	0	0	0	0

## CUMULATIVE SUMMARY--TO JUNE 30, 1930

Appealed	3
Petitions by commission denied	2
Petitions by others denied	<u>1</u>
Total disposition	<u>3</u>
Pending June 30, 1930	0

## EXPORT-TRADE SECTION

Foreign-trade work of the commission, under the export-trade act and section 6 (h) of the Federal Trade Commission act, is handled by the export-trade section of the legal division.

The export-trade act, commonly known as the Webb-Pomerene law, passed in April 1918, grants exemption from the antitrust laws to an association organized for the sole purpose of and solely engaged in export trade from the United States to foreign countries, with the provision that such an association shall not restrain the export trade of a domestic competitor, enhance or depress prices or substantially lessen competition within the United States, or otherwise restrain trade therein.

Section 6 (h) of the Federal Trade Commission act directs the commission to investigate trade conditions in and with foreign countries where associations, combinations or practices of manufacturers, merchants, or traders, or other conditions, may affect the foreign trade of this country.

### WEBB LAW ASSOCIATIONS NOW OPERATING, TOTAL 57

At the close of the fiscal year ending June 30 1930, 57 export associations were filing papers with this office under the Webb-Pomerene law.

These groups represent producers, mills, mines, and factories scattered throughout all parts of the Union, and shipping from Atlantic, Pacific, and Gulf ports. Headquarters offices are usually at seaports. The associations are as follows:

Alabama-Florida Pitch Pine Export Association, 601 Blount Building, Pensacola, Fla.

American Export Door Corporation, Washington Building, Tacoma, Wash.

American Locomotive Sales Corporation, 30 Church Street, New York City

American Milk Products Corporation, 71 Hudson Street, New York City.

American Paper Exports (Inc.), 75 West Street, New York City.

American Pitch Pine Export Co., 1600 Pere Marquette Building, New Orleans.

American Provisions Export Co., 140 West Van Buren Street, Chicago.

American Rice Export Corporation, Crowley, La.

American Soda Pump Export Association, 230 Park Avenue, New York City.

American Soft Wheat Millers Export Corporation, 8261 K Street, Washington, D. C.

American Spring Manufacturers' Export Association, 80 Church Street, New York City.

American Surface Abrasives Export Corporation, 82 Beaver Street, New York City.

American Textile Trading Co., 1421 Chestnut Street, Philadelphia.

American Tire Manufacturers' Export Association, 30 Church Street, New York City.

American Webbing Manufacturers' Export Association, 395 Broadway, New York City.

Associated Button Exporters of America (Inc.), 320 Broadway, New York City.

California Dried Fruit Export Association, 1 Drumm Street, San Francisco.



- California Sardine Export Association, 1603 Alexander Building, San Francisco.
- Carbon Black Export Association (Inc.), 80 East Forty-second Street, New York City.
- Cement Export Co., The, Pennsylvania Building, Philadelphia.
- Chalmers (Harvey) & Son Export Corporation, rear 31 East Main Street, Amsterdam, N. Y.
- Copper Export Association (Inc.), 25 Broadway, New York City.
- Copper Exporters (Inc.), 25 Broadway, New York City.
- Davenport Pearl Button Export Co., 1231 West Fifth Street, Davenport, Iowa.
- Douglas Fir Exploitation & Export Co., 1125 Henry Building, Seattle.
- Durex Abrasives Corporation, 82 Beaver Street, New York City.
- Export Petroleum Association (Inc.), 67 Wall Street, New York City.
- Export Screw Association of the United States, room 504, 101 Park Avenue, New York City.
- Florida Hard Rock Phosphate Export Association, Savannah Bank & Trust Building, Savannah.
- Florida Pebble Phosphate Export Association, 420 Lexington Avenue, New York City.
- Florida Pine Export Association, Bisbee Building, Jacksonville.
- Goodyear Tire & Rubber Export Co., The, 1144 East Market Street, Akron.
- Gulf Pitch Pine Export Association, 824 Whitney Bank Building, New Orleans.
- Hawkeye Pearl Button Export Co., 601 East Second Street, Muscatine, Iowa.
- Metal Lath Export Association, The, 90 West Street New York City.
- Naval Stores Export Corporation, Savannah Bank & Trust Building, Savannah, Ga.
- Northwest Dried Fruit Export Association, 400 Security Building, Portland, Oreg.
- Northwest Lumber Exporters' Association, 554 Stuart Building, Seattle, Wash.
- Pacific Flour Export Co., care of Centennial Mill Co., 506 Central Building, Seattle, Wash.
- Phosphate, Export Association, 420 Lexington Avenue, New York City.
- Pipe Fittings & Valve Export Association, Branford, Conn.
- Producers Linter Export Co., 822 Perdido Street, New Orleans.
- Redwood Export Co., 310 Sansome Street, San Francisco.
- Rice Export Corporation, Lake Charles, La.
- Rubber Export Association, The, 1201 Akron Savings & Loan Building, Akron, Ohio.
- Salmon Export Corporation, 3301 Smith Tower, Seattle, Wash.
- South American Fruit Exporters (Inc.), 44 Water Street, New York City.
- Standard Oil Export Corporation, 26 Broadway, New York City.
- Steel Export Association of America, The, 40 Rector Street, New York City.
- Sugar Export Corporation, 113 Wall Street, New York City.
- Sulphur Export Corporation, 420 Lexington Avenue, New York City.
- U. S. Alkali Export Association (Inc.), 11 Broadway, New York City.
- United States Handle Export Co., The Piqua, Ohio.
- Walnut Export Sales Co. (Inc.), Packers Station, Kansas City, Kans.
- Walworth International Co., 11 Broadway, New York City.
- Western Plywood Export Co., 1549 Dock Street, Tacoma.
- Zinc Export Association, 40 Rector Street, New York City.

### WEBB LAW EXPORTS TOTAL \$724,100,000 IN 1929

Webb law associations report exports during 1929 to the amount of \$724,100,000, which was far in excess of totals for previous years, \$476,200,000 having been the amount in 1928 and \$371,500,000 in 1927.

Products exported during 1929 included metal and metal products (copper, iron and

steel, zinc, machinery, railway equipment, pipes, valves, and screws) to the amount of \$271,000,000; products Of mines and wells (crude sulphur, phosphate rock, and petroleum), valued at \$270,000,000; lumber and wood products (pine, fir, red-wood, walnut, hardwood, naval stores, plywood, doors and wooden

tool handles), totaling \$20,000,000; foodstuffs, such as milk, meat, sugar, flour, rice, salmon, sardines, dried. and fresh fruit, to the amount of \$67,100,000; and other manufactured products, such as rubber, paper, abrasives, cotton goods and linters, buttons, chemicals, etc., valued at \$90,000,000.

Exports during the first nine months of 1929 exceeded those of the corresponding period of 1928, but the depression at the end of the year brought the totals down on some commodities.

An association exporting manufactured products reported the largest volume in its history "surpassing even the banner year of 1920" although prices were lower on that commodity in 1929. Another reports better business than in three or four years previous "though exports fell off at the end of 1929 due to abnormal conditions in a number of South and Central American countries, partly as a result of the political situation and partly due to poor crops. A third reports an increase in 1929 over 1928 primarily due to efforts in expanding the foreign organization, taking additional business in markets which were already organized, and exporting to markets theretofore undeveloped. An association exporting foodstuffs reports a decrease in business due to encouragement by foreign governments in increased production of the products by foreign competitors.

Sales during the first half of 1930 were appreciably diminished as a result of business depression, and also because foreign purchasers, anticipating a further drop in prices, placed, smaller orders to fill only the immediate needs of the market.

#### SEVEN ASSOCIATIONS ARE ORGANIZED DURING YEAR

During the past year seven new associations were organized as follows:

The Alabama-Florida Pitch Pine Export Association with offices at 601 Blount Building, Pensacola, Fla., includes the Pensacola Lumber & Timber Co., Pensacola, Fla.; Alger Sullivan Lumber Co., Century, Fla.; Brown Florida Lumber Co., Caryville, Fla.; St. Andrew Bay Lumber Co., Millville, Fla.; Jackson Lumber Co., Lockhart, Ala.; and Swift Hunter Lumber Co., Atmore, Ala.

The American Textile Trading Co., with offices at 1421 Chestnut Street, Philadelphia, includes the Aberfoyle Manufacturing Co., Philadelphia; Standard-Coosa-Thatcher Co., Chattanooga, Tenn.; The Hampton Co., Easthampton, Mass.; Spinners Processing Co., Charlotte, N. C.; and the American Yarn & Processing Co., Mount Holly, N. C.

The Carbon Black Export Association (Inc.), with offices at 60 East Forty-Second Street, New York City, includes the United Carbon Co., Charleston, W. Va.; Binney & Smith Co. (Inc.), New York City; J. M. Huber (Inc.) New York City; R. W. Greeff & Co. (Inc.), New York City; Godfrey L. Cabot (Inc.), Boston; and the Palmer Gas Products Corporation, Chicago.

The Durex Abrasives Corporation, with offices at 82 Beaver Street, New York City, includes the American Glue Co., Boston; Armour & Co., Chicago; Baeder Adamson Co., Philadelphia; H. H. Barton, & Son Co., Philadelphia; U. S. Sandpaper Co.,

Williamsport, Pa.;

Behr-Manning Corporation, Falls, N.Y.; Minnesota Min Troy, N.Y.; Carborundum Co., Niagara Falls, N. Y.; Minnesota Mining & Manufacturing Co., St. Paul; and the Wausau Abrasives Co., Wausau, Wis.

The Florida Pine Export Association, with offices in the Bisbee Building, Jacksonville, Fla., includes the Pensacola Lumber & Timber Co., Pensacola, Fla.; St. Andrews Bay Lumber Co., Millville, Fla.; Putnam Lumber Co., Shamrock, Fla.; Foshee Manufacturing Co., Melbourne, Fla.; w. C. Sherman Co., Hicoria, Fla.; and the J. M Griffin Lumber Co., Holopaw, Fla.

The Northwest Lumber Exporters' Association, with offices at 554 Stuart Building, Seattle, Wash., includes the Stimson Timber Co., Seattle; the Washington Lumber & Spar Co Seattle; the Long Bell Lumber Co., Longview, Wash.; Bolcom Canal Lumber Co., Seattle; Bay City Lumber Co., Aberdeen, Wash.; Grays Harbor Lumber Co., Aberdeen; Bissell Lumber Co., Seattle; Clark Nickerson Lumber Co Everett, Wash.; Clark & Wilson Lumber Co., Linnton, and Sibley Mills Lumber Co., Portland, Oreg.

The Rice Export Corporation, with offices at Lake Charles, La., includes Frank A. Godchaux, sr., Abbeville, La.; J. A. Foster, Lake Charles, La.; Frank Roberts, Lake Charles La W. P. Connell, Baton Rouge, La.; L. M. Simon, Crowley, La.; J. E. Broussard, Beaumont, Tex.; and Paul F. Pritchard, Houston, Tex.

#### ADVANTAGES OBTAINED BY WEBB LAW ASSOCIATIONS

Export associations were asked to report advantages and disadvantages resulting from their operation under the act in 1929. A few of these answers may be of interest:

A lumber export association reports that its advantages have been the establishing of uniform prices, grades, and trade practices, obtaining and disseminating information from and to members, and carrying out trade promotion work and advertising which could not be done by individual firms owing to the cost involved. This organization adds that its overhead has been lessened by handling sales through centralized offices and through agencies and correspondents that would not be accessible to individual firms. "Sales cost to our membership during 1929, including exploitation, advertising, and foreign representation, was less than 2 per cent on the f. a. s. cost of Shipments."

A smaller association exporting metal products reports that a more uniform quality of material is produced by its system of cooperative selling, the expense of marketing is distributed among all of the companies, and information of commercial value obtained by one is available to all. This association handles all foreign inquiries and orders through a central office, and states that "foreign business in any volume would be impossible without operation as an association."

One of the newer organizations reports that export prices have been stabilized, allowing the manufacturer a fair margin of profit which he was unable to procure prior to the association's inception. The volume of exports by members of this association has been appreciably increased, and a better understanding among the manufacturers has grown out of their cooperative effort .

An exporter of foodstuffs emphasizes the advantage of maintaining uniformity in terms of sale for export, which is said to be "the most important asset of the export business in this industry."

A tendency toward market stabilization makes for better prices as a whole; a more steady volume of business, and a more uniform movement of products. These advantages in export trade have been summed up by one of the older associations as follows: "Continued operation under this plan has a cumulative effect which we have found very beneficial as years go by."

Among disadvantages reported by the associations during the past year are the serious competition of European producers in all foreign markets; unfortunate economic conditions in Latin-American countries due to reductions in the price of sugar, coffee, and to consequent unfavorable exchange conditions; as well as social and political turmoil in China and India. On some manufactured products there has been a tendency on the part of foreign governments to increase tariff rates; and in some cases increased production by foreign competitors and the use of cheaper substitutes have been encouraged by governmental action abroad.

#### PROCEDURE UNDER THE EXPORT TRADE ACT

Under section 5 of the act, an export association files with the Federal Trade Commission a verified first report covering its organization plan, as well as copies of the articles of incorporation, by-laws, membership agreement, or other organization papers. Annual reports are filed each year and such other information as the commission may require as to the organization or operation of the association.

Blank forms for the filing of reports and other data concerning procedure under the law may be obtained from the export trade section.

It is also provided in section 5 that if the commission shall have reason to believe that an association has violated the law, it may conduct an investigation and make recommendation for readjustment of the business. In case of failure to comply with such recommendation, the commission may refer the matter to the attorney general for further action; But no formal complaints have been prosecuted under the act, and the law has not been construed by the courts.

During the past year, litigation in a State court involved the membership agreement of an export association in the State of Washington (American Export Door Corporation v. John A. Gauger Co., 283 Pac. 462, Dec. 10, 1929). This case, in the first instance, was an action brought by the export organization to restrain a member company from violation of its membership contract. The lower court awarded judgment for breach of contract and enjoined the Gauger company from making future sales of doors contrary to the terms of the contract. Upon appeal to the Supreme Court of the State of Washington, the decision below was reversed on the ground that the agreement in question was in violation of a provision in the State constitution prohibiting monopolies. No attempt was made to take the case into a Federal court, and the Federal act was not construed.

**INFORMAL FOREIGN-TRADE COMPLAINTS UNDER SECTION 6 (H)**

Inquiries made under section 6 (h) of the Federal Trade Commission act included 51 foreign-trade complaints handled by this office during the fiscal year ending June 30, 1930.

These cases involve practices of American exporters and importers ( not Webb law associations) in their trade with foreign countries. They are usually reported in the first instance by the foreign complainant to the American consul abroad. If it is found that inquiry in the States is necessary the matter may be reported to the Federal Trade Commission and facts obtained to substantiate or refute the allegations of the complainant. These facts, with inspection reports. of the consul, frequently lead to an amicable adjustment by the parties, either in the form of settlement or arbitration proceedings. The commission's inquiries are made without publicity.

This work has received the generous cooperation of the foreign offices of our Government as well as the chambers of commerce and other trade organizations in this country and abroad. The New York Chamber of Commerce has in some cases provided arbitration machinery. The laboratories of the Bureau of Standards and other scientific agencies have given valuable service in testing samples of products claimed to be defective.

Cases handled during the past year involved shipments of bicycles to Salvador, automobiles to Peru, musical instruments, lumber, and eggs to Argentina, wagons and glassware to Mexico, hat linings to Cuba, fountain pens to Australia, films to Japan, shrimps to China, sporting goods to India, oil burners and grass seed to Canada, lumber to Germany, rubber goods to Holland, apples and jute bags to Sweden, and toilet articles to the Azores. Complaints involved claims of misrepresentation of goods, quality below sample or order, short shipment, delay or failure to ship, spoilage or breakage en route, overcharge, failure to reply to complaints or inquiries, and other factors resulting in strained relations between the parties, as well as the creation of anti-American sentiment in foreign markets.

Consuls report that this work has done much toward establishing good will for American products abroad, especially in out-of the-way markets where American exporters have not a firmly established trade, and a complaint against an American trader reflects unfavorably against all Americans trading in the community.

**TRUST LAWS AND UNFAIR COMPETITION IN FOREIGN COUNTRIES**

The following may be noted, under Section 6 (h) of the Federal Trade Commission act concerning recent measures in foreign countries and in international trade along the lines of trust regulation and unfair competition.

**CANADIAN COMBINES INVESTIGATION ACT**

Under the Canadian combines investigation act, reports of the commissioner dated October 31 and December 18, 1929 covered investigation of the Amalgamated Builders' Council and related organizations, an alleged combine of plumbing and heating contractors and others in the Province of Ontario.

The commissioner found that the combine or “guild” from the date of its inception in June, 1927, was detrimental to the public in contravention of the combines investigation act and of section 498 of the criminal code. Agreements of the guild, to raise the price of materials and work to be paid by the public, to limit competition among operators in and out of the guild, and to compel the jobbers and manufacturers, members and nonmembers, to respect the so-called sales policy or doctrine of the guild, were found to have been carried into effect “cautiously and deceptively, so that it might appear to the law that the action of the guild, in fact collective, was individual and therefore innocent in the view of the common and statute law.”

In June, 1928, the Amalgamated Builders’ Council was organized, with membership identical to that of the guild. The commissioner states that the council was a “contrivance in order to afford to the combine immunity under the trade-unions act. The council abandoned the pretense of individual action and entered into agreements with the labor unions of Windsor and Toronto by which these professed to contract that their members would not work for any but members of the council, that is, members of the guild. The commissioner states that the registration of the council under the trade-unions act was a “sham and a fraud” and should be declared null and void that the true purposes of the council were not those set out in its petition to the Secretary of State but were “to enable the guild to effect, in violation of the statutes, an unlawful oppression or ‘discipline’ of the public and the persons engaged in the plumbing and heating trade, whether members or not members of the guild.”

The Toronto Plumbing and Heating Contractors’ Union, an Organization of employers, was registered under the trade-unions] act in May, 1929. As to this union, the commissioner says that “It was with the amazing strike of May 1, 1929, and the negotiations arising out of that, a part of the activity of the guild or combine. The purposes were not those set out in the registration, but the true purposes were to oppress unlawfully the public and the manufacturers, jobbers, and operators of the plumbing and heating trade in and out of the guild or combine. Registration was accomplished by what may be fairly called duress as well as by adventurous cunning. An intolerable power of oppression seems to have been acquired by the registration of a rule that this union may expel members for any reason. The operators have been forced in to obtain union labor and they may be forced out to limit competition.” It was therefore recommended that the registration of the union be annulled.

The commissioner rejected the contention of the council that registration under the trade unions act of 1872 rendered the members immune from criminal responsibility, and held that all persons who joined the guild, the council, the Dominion Chamber of Credits (Ltd.), and the officers of 1929 operating the Toronto Plumbing and Heating Contractors’ Union were parties to or privies to, or knowingly assisted the formation or operation of a combine in restraint of trade, within the meaning of the combines investigation act.

It was further reported that a group of persons in London, Ontario, members of the Canadian Plumbing and Heating Guild and of the Amalgamated Builders’ Council, had practiced fraud upon the

Corporation of the City of London and others, in 1927 and 1928, by erring and conspiring on tenders. Each of the parties having made the amount of a tender in the usual manner by including the cost of material, labor, overhead, and profit, would add an amount agreed upon, with the understanding that the successful tenderer would receive that sum in addition to the just amount of his tender from the person calling for tenders, and would then distribute it equally among those who were unsuccessful.

As a result of the commissioner's report, proceedings were begun by the Canadian Department of Justice against members of the plumbing and heating industry. Preliminary hearings in the case of Rex against Singer and others were commenced in the police courts at London and Windsor, Ontario, in May 1930. Thirteen plumbing contractors in London pleaded guilty to four charges under the combines investigation act, and also to a charge of unlawful conspiracy to defraud under section 444 of the criminal code. Fines totaling \$26,000 were imposed by Magistrate Scandrett in the London police court. In the Windsor police court, George R. Baker, of Toronto, former vice president of the Amalgamated Builders' Council, pleaded guilty to the charges under the combines act and was sentenced to pay a fine of \$500 without costs, or to serve six months imprisonment in default of payment. Hearings in Windsor involving other defendants were continued in June and July.

In a decision rendered by Mr. Justice Orde on May 5, 1930, O'Connor against Waldron, it was held that proceedings before a commissioner appointed under the combines investigation act are absolutely privileged and that the commissioner, counsel, witnesses, and parties are entitled to the same protection as in a court of law. This was an action brought by W. F. O'Connor against Mr. Gordon Waldron, K. C., for slander during the investigation of the Amalgamated Builders' Council. In dismissing the action the court held that the defendant was performing judicial functions in carrying out the objects of his commission; that it would be practically impossible to conduct an inquiry under the act if the proceedings were not protected by the rule; and it would clearly not be in the public interest if the commissioner, as well as the counsel and witnesses were to be hampered in what they might say during the course of the proceedings by fear of a possible action for slander.

Decision was rendered by Mr. Justice Middleton on March 25, 1930, in Amalgamated Builders' Council against Herman, an action brought by the council against W. F. Herman, owner and proprietor of the Border Cities Star, for libel in connection with published articles bearing upon investigation of the council under the combines investigation act. The defendant publisher moved to stay the action, contending that, owing to the cancellation of its certificate, the council had no longer any status in court, and that in any case the trade-unions act of 1872, being constitutionally invalid, could confer no right to sue. The court issued an order to stay the action on the ground that the words complained of in this case did not affect the property or the financial position of the plaintiff, and that the Dominion trade-unions act is a statute dealing solely with property and civil rights and therefore ultra vires, and that it is quite ineffectual to confer any valid status upon the trade union.

COMPLAINT AGAINST MOTOR FUEL MONOPOLY IN GERMAN CARTEL COURT

In the latter part of 1929 the Rhineland Garage Operating Co. ( Inc.), of Cologne, filed complaint in the German cartel court against the motor-fuel monopoly known as the gasoline convention

It is alleged that the convention is an absolute monopoly in Germany and that its activities have included underbidding on the basis of common resolutions by the convention, allowing of high indemnities for tying up importations of outside fuels by foreign firms, boycott of dealers who refused to sign the convention bonds, granting of hidden rebates, and entering into stipulations for the sale of motor fuels which regulate the entire wholesale and retail trade and “represent from beginning to end a continuous series of offenses against good business morals and even against the cartel regulation as almost every one of these stipulations, if closely examined, is apt to raise prices and keep them on a high level in a way that can not be justified in economic respects, to suppress free competition, to restrict the economic freedom of trade and of the large consumers in an undue and unwarrantable manner by barring purchase or sale by differential and prejudicial terms and quotations, in short to injure by these means national economics and the common weal.”

The cartel court may demand that all prejudiced parties with draw from agreements objected to if the business conditions or the methods of business undertakings or unions (trusts, syndicates, cartels, etc.) in fixing policies are such as to injure, under exploitation of an economic power, the national economics and the common weal.

**CARTEL LAWS PROPOSED IN AUSTRIA, CZECHOSLOVAKIA, AND POLAND**

The Austrian Protective Association against Cartel Damages was formed in Vienna in 1927 with the avowed purposes of organizing all buyers of cartel products; collecting complaints on the harmful effects of the individual cartels and publishing the same; establishing arbitration commissions for regulating the distribution of goods within the various branches; protecting all persons having suffered through cartels, by means of appeal to international competition, preparatory organization of a consumer's boycott, and founding of a relief fund; advocating the cancellation of the anti-profiteering act and the passage of a cartel law; forming a subcommittee for establishing an international cartel bureau in Vienna; naming experts in cartel matters and making expert reports and proposals for the removal of damages and improvement of existing legal regulations.

The Austrian association has submitted to the national council a proposed law which would provide for the creation of a cartel supervision bureau and a cartel court. Agreements and resolutions which contain obligations on the handling of production or sales, the application of business conditions, the manner of fixing prices or the claiming of prices (syndicates, cartels, conventions, and similar agreements) would be reduced to writing, reported within 14 days of their execution to the cartel supervision bureau and entered upon a public register. If the bureau shall determine

that an agreement or resolution threatens the whole economic life, a certain branch of trade, or the general welfare, it may request the cartel court to

declare the agreement null and void, or that the special manner of its execution be prohibited. Among activities to which the bureau may object are mentioned limitations of production or sales, raising of prices, or maintaining prices on a high level, restriction of economic liberty by a blockade in purchases or sales or by fixing of different prices or conditions. Every person injured by a cartel agreement may appeal to the bureau, and may further appeal to the cartel court from the decision of the bureau. Decision of the cartel court shall be final and binding for the law courts and arbitration courts. Fines may be imposed for disregarding a nullity decreed by the court; and misuse of the rights granted by this law for the purpose of injuring another party in his business or economic livelihood is punishable in the penal courts by fines and imprisonment. A foreigner who has committed a crime according to this law may be deported. The police authorities and the law courts may, in order to assure seizure, sequester goods or their proceeds. All fines collected under the law shall be placed in a fund for the promotion of trade, industry, agriculture, and commerce. The law shall not apply to state monopolies. It is further provided that the Federal profiteering act of 1921 and ordinances thereunder shall be canceled.

In Czechoslovakia a cartel law has been under consideration for several years. The latest draft proposed in 1929 would provide within the Ministry of Industry and Trade an "Advisory Committee for Cartel Questions" which would be given regulatory powers in case of agreements whereby independent heads of undertakings combine in order to influence, by joint action, production, sale, credit, business conditions, or prices. Such agreements would be enforceable only when drawn up in writing, and copies thereof would be submitted to the ministry. If, in the opinion of the ministry, such an agreement constitutes a menace to the national economy or common weal, it would be empowered to denounce the agreement, declare it to be without effect and prohibit its execution. The national economy or common weal would be deemed to be endangered if production or sale were restricted without valid reason, if credit conditions were rendered difficult, if prices were raised or high prices maintained, or if economic freedom were unfairly restricted by a boycott in respect of purchase or sale or by the fixing of prices or conditions of a discriminatory nature. The provisions of the law would apply also to associations of heads of undertakings (cartels etc.) having their seat abroad, in so far as they carry on their activities in the territory of the Czechoslovakian Republic. No special court is provided but the minister would be empowered to impose fines and penalties for breach of the regulations, and in case of "wilful or gross negligence," such as execution of an agreement which has been prohibited by the minister, proceedings would be instituted in the civil correctional courts, which could impose larger fines and imprisonment.

In Poland a special draft law on cartels, now under consideration in Parliament, follows more closely the German law, and would provide for a commissioner of cartels appointed under the minister of trade and industry, who would receive registrations of all combinations of mine owners, industrialists, and traders which aim at

the limitation of production, the regulation of sales and prices, and the establishment of conditions of sale and purchase by means of mutual obligations or the exercise of control. There would also be set up at Warsaw a cartel court. If in the Opinion of the commissioner a combination were liable to have consequences dangerous to the public welfare, he would be authorized to lay before the cartel court a request for a judgment the dissolution of the combination or the annulment of the decision in question, or for the proclamation of the right of each participant not to carry out the decision, or to denounce the combination, or to withdraw therefrom.

Combinations would be held to be dangerous to the public welfare when production, sale, or freedom of trade is restricted in a manner unjustifiable from the economic point of view, when prices are raised to or kept on a level not corresponding to economic requirements, or when combinations, in pursuing their aims, misuse their economic preponderance to the detriment of other combinations or of individual traders. Penalties to be imposed by the cartel court would include fines and imprisonment.

#### UNFAIR COMPETITION IN THE FRENCH COMMERCIAL COURTS

French commercial courts may award damages against traders or manufacturers committing acts of unfair competition under article 1382 of the civil code which provides that every act committed by an individual resulting in injury to another involves an obligation on the party responsible for its occurrence to make reparation there-for. In January, 1929, the Seine commercial court at Paris rendered decision against a group of newspaper proprietors charged with concerted agreement to prevent the transport, distribution, and sale to the public of a rival newspaper, by refusing to allow agents and retailers who continued to sell the rival paper to sell the papers to the defendants, and by refusing to accept advertisements from customers who also advertised in the rival paper. It was held that the defendants had committed an act of unfair competition entitling the injured parties to claim damages.

#### PLAN FOR FUSION OF ALL RUBBER PRODUCERS INTO ONE SELLING UNIT

In May, 1929, the Rubber Growers, Association (Inc.), of London, England, appointed a committee to investigate the practicability of drafting a scheme for the establishment of a cooperative selling organization to represent all producers of rubber. The committee submitted a detailed report in November, 1929, calling attention to the fact that of the world's total estimated acreage under plantation rubber, one-third is under British ownership, one-tenth owned by Dutch concerns domiciled in Holland, and one-half is under Asiatic ownership comprising individuals of many nationalities, races, and creeds numbering hundreds of thousands and incapable of organization. The committee felt that a central selling plan would be impracticable at this time, but recommended that plans be adopted for the formation of a number of cooperative organizations, which if adopted would reduce the number of sellers by 90 per cent, in the hope that further coordination would lead ultimately to a complete

fusion of all groups into one selling unit.

In adopting the committee report, the council of the association passed resolutions directing the committee to (1) bring about the complete fusion of all the groups into one selling unit at the earliest possible date, and (2) formulate plans by which finance up to an agreed figure per pound of rubber lodged for sale may be made available to all companies that agree to join the scheme.

As a result of a meeting in Amsterdam in February, 1930, attended by Dutch, French, Belgian, Swiss, and German rubber producers, and a special meeting of the council of the Rubber Growers' Association in London in the same month, it was recommended that growers be urged to stop all tapping of rubber during the month of May, in order to reduce the steadily increasing world stocks.

#### INTERNATIONAL TIMBER UNION PROPOSED

The second international timber conference was held at Bratislava, Czechoslovakia, in August, 1929, attended by more than 200 members. The countries represented included the United Kingdom, France, Germany, Switzerland, Italy, Poland, Yugoslavia, Finland, Netherlands, Rumania, Latvia, Austria, Hungary, and Russia.

The conference discussed the formation of an international cartel to regulate production and stabilize prices, and appointed a preparatory committee to consider the foundation of an international timber union. These matters will be discussed further at the next conference.

The need for simplification of trade and exchange customs and for standard rules for grading in the lumber trade was emphasized. Adoption of the sales conditions used by the Association of Austrian Timber Merchants was recommended in order to avoid differences. Arbitration for settlement of disputes regarding measure and quality and a court of arbitration for settlement of all other disputes in the international timber trade were among the plans proposed.

#### REORGANIZATION OF THE CHILEAN NITRATE INDUSTRY

The new plan of the Chilean Nitrate Producers' Association, effective July 1, 1930, includes operation of a central sales agency with headquarters in London and branch offices in continental markets. All stocks in Europe will be taken over by the new organization, sales will be pooled, and deals made irrespective of brands. Provision will be made for financing the plan through banking institutions. Economies in freight, insurance, warehousing, and finance are anticipated. Plans are under way for continuation of the program adopted during the past year for curtailment of production in order to absorb the large stocks carried over from the production of last season. A bill has been presented to the Chilean Congress which would provide for a Compania Salitrera Nacional to be organized with capital of £75,000,000 divided between the Chilean Government and the existing producers, this company to guarantee the Government certain revenue from dividends and income tax in return for renunciation of the export duty.

Cooperation between the Chilean nitrate producers and the German producers of synthetic nitrogen, begun in 1929, was continued by an international nitrogen

conference concluded in Paris in April and May, 1930.

## CUBAN SUGAR EXPORT POLICY ABANDONED

The Cooperative Sugar Export Agency of Cuba, commonly known as the single selling agency, was organized in October, 1929, in compliance with a presidential decree, with power to sell on a pro rata basis for the account of all producers of sugar in Cuba. all sugar manufactured in the country except that for domestic consumption. Sales during the winter of 1929-30 were appreciably less than during the same period of the preceding year, and in April, 1930 the agency announced that it would cease to act as the sole seller of Cuban sugar exports. It would appear from articles published in Amsterdam that further conferences and negotiations are under consideration looking toward international agreements between European sugar producers and the growers in Cuba and Java.

## BRAZILIAN COFFEE VALORIZATION ABANDONED

In the spring of 1930 the State of Sao Paulo obtained a loan of £20,000,000, of which \$35,000,000 was distributed through bankers in the United States, £8,000,000 through London banks, and smaller portions in Amsterdam, Zurich, Stockholm, and Milan. The loan was accompanied by a radical alteration in the coffee policy. For a period of 10 years no attempt will be made to valorize coffee, nor will an undue amount of stock be retained in Brazil to produce shortage and thus increase the price.

## THIRD INTERNATIONAL CONFERENCE FOR THE ABOLITION OF IMPORT AND EXPORT PROHIBITIONS AND RESTRICTIONS

The third international conference for the abolition of import and export prohibitions and restrictions was held in Paris in December 1929, for the purpose of bringing into force the international convention of November 8, 1927, and the supplementary agreement of July 11, 1928.

Under the convention of 1927, the parties thereto undertake to abolish within a period of six months from the date of the coming into force of the convention, in so far as the respective territories of each of them are concerned, all import and export prohibitions or restrictions, and not thereafter to impose any such prohibitions or restrictions. But parties thereto may and have signed with reservations, and the convention itself contains numerous exceptions which would limit its scope.

Among prohibitions and restrictions that are exempt from provisions of the convention are those for protecting in extraordinary and abnormal circumstances the vital interests of the country; those relating to public security; those imposed on moral or humanitarian grounds; those regarding traffic in arms, ammunition, and implements of war, or in exceptional circumstances all other military supplies; those imposed for the protection of public health or of animals or plants against disease, insects, and harmful parasites; those issued for the protection of national treasures of artistic, historic, or archaeological value; those applicable to gold, silver, coins, currency notes, banknotes, or securities; those designed to extend to foreign products the regime established within the country in respect of the

production of, trade in, and transport and consumption of native products of the same kind; and those applied to products which as regards production or trade, are or may in future be subject within the country to state monopoly or to monopolies exercised under state control. The supplementary agreement of July, 1928, provided that the convention should come into force if 18 ratifications or accessions were secured before September 30, 1929; but upon that date only 17 countries had ratified. It was therefore necessary to call another conference to make further provisions for an effective date.

A protocol was signed December 20, 1929, by representatives of 17 countries (Germany; Austria, Belgium, Great Britain, Denmark, the United States, France, Hungary, Italy, Japan, Luxemburg, Norway, the Netherlands, Portugal, Rumania, Switzerland, and Yugoslavia) to the effect that as to those countries the convention supplementary agreement should come into force January 1, 1930. The Hungarian, Italian, and Norwegian representatives signed with reservations. It was agreed that ratification of the German and Norwegian Governments should be regarded, exceptionally, as having the same effect as if they had been deposited before September 30, 1929; and that the same exception be made in the case of ratifications on behalf of Czechoslovakia and Poland if they were deposited before May 31, 1930.

#### INTERNATIONAL AGRICULTURAL CONFERENCES

A meeting of agricultural experts, convened by the League of Nations, was held in Geneva in January, 1930. A series of studies and investigations were begun along agricultural lines, such as the position and operation of cooperative societies in the various countries, the problem of international agricultural credit, the rapid circulation of agricultural information, the improvement of agricultural statistics, and the present depressed condition of agriculturalists. This committee is working in cooperation with the International Institute of Agriculture, and also with organizations of farmers' and consumers' cooperatives which held international conferences in Paris in December, 1929, and at Geneva in May, 1930.

#### INTERNATIONAL TARIFF CONFERENCE, 1930

Discussion at the League of Nations assembly in September, 1929; of the question of tariff barriers and the possibility of establishing lower tariffs or effecting a tariff truce for a period of years resulted in plans for the international tariff conference, known officially as the preliminary conference with a view to concerted economic action, which was held at Geneva in February and March, 1930. The United States sent observers but did not participate in the conference.

The conference drafted three instruments, a commercial convention and a protocol which were signed by representatives of Germany, Austria, Belgium, Great Britain and Northern Ireland, Denmark, Estonia Finland France, Greece, Italy Latvia, Luxemburg, Norway, the Netherlands, Poland, Rumania, Sweden, and Switzerland; and a protocol regarding the program of future negotiations

which was signed by representatives of the same countries and also by delegates from Czechoslovakia, Hungary, Portugal, and Yugoslavia.

The convention which was dated March 24, 1930, shall be ratified and the ratifications deposited with the League of Nations before November 1 1930. A meeting will then be called to determine the date upon which it will come into force. Article 1 of the convention provides that--

The high contracting parties undertake not to avail themselves before April 1, 1931, of the right to denounce the bilateral commercial treaties which any one of them has concluded with any other of the high contracting parties and which are in force on this day's date.

Parties that do not consolidate their customs duties by treaty agree not to make increases in protective duties above those existing at the date of the convention, or to impose new protective duties, within the term of the convention. Article 5 provides that if any of the parties should proceed to make increases in the existing fiscal duties or to impose new duties such as are likely to interfere seriously with the interests of any of the other parties, the injured party may denounce the convention; and if such denunciation should disturb seriously the equilibrium of the convention other parties may also denounce it. The protocol to the convention includes definition of terms and reservations of certain parties.

The protocol regarding the program of future negotiations provides for the distribution of a questionnaire, the replies to which may serve as a basis of further agreements; and recommendation that the economic organization of the league make further studies and reports along the lines of tariff provisions and treaties, customs nomenclature and formalities, indirect protectionism, export bounties and subsidies, appellations of origin, international veterinary conventions, avoidance of double taxation, treatment of foreigners in the various countries, industrial combinations, rationalization, international statistics, application of agreements regarding commercial arbitration, unification of laws regarding relating to credit instruments, extension of international agreements relating to transportation, and the adjustment of railway tariffs.

#### GOVERNMENT EXPORT CREDITS SCHEMES ABROAD

A bill has been introduced in the British House of Commons to extend the period under which the British export credits scheme shall be effective. Government assistance in the matter of export credits was begun in 1919 and has been extended from time to time. The present law, passed in 1926, has been amended by extensions. As it now stands no guaranties were to be given after September 8, 1930, and guaranties will not remain in force after September 8, 1936. The new bill would extend these dates to March 31, 1935, and March 31, 1940, respectively. The maximum liability without recourse offered by the Government to an exporter may not in any case exceed 75 per cent of the face value of a bill of exchange, and it is said that in actual operation, insurance granted does not exceed 63 per cent of the total face value

of the bills. Reports for the year 1929 cover insurance on bills the face value of which totaled

£5,238,000; and for the first quarter of 1930 the face value of bills upon which insurance was granted amounted to £2,138,000 on goods shipped to 90 foreign and British countries.

Export credit insurance offered by the Danish Government has been used largely on shipments to Russia, upon which insurance could not have been obtained through private sources. In Denmark; government insurance on exports is placed on one of three plans: (1) State guaranty of exporters' drafts up to 85 per cent of the draft on the foreign buyer, if the period of credit does not exceed 12 months; (2) State responsibility for losses up to one-half of the losses incurred through consignment of goods to export markets; and (3) State guaranty to banks and others in connection with sale of consignment stocks and the placing of sample stocks abroad, up to 50 per cent of the value of such stocks; or on purchases of raw materials for the manufacture of products for which there is known to be a demand abroad and which can be produced in Denmark at competitive prices, but the period of credit in this form must not exceed two years; or in the filling of large foreign orders for fertilizers, ships, locomotives, railroad material, etc., in which case the guaranties must not exceed 75 per cent of the amount of the order and must be gradually liquidated within five years except in the case of ships where a period of six years will be allowed for the complete liquidation of the account. The Danish plan, begun in 1922, is not intended to be permanent, but has been continued from year to year through appropriation acts.

In the Netherlands, Government export insurance has been discontinued upon recommendation of the finance commission appointed to administer the insurance law of 1923. It was reported that the plan was not popular and only a small amount of insurance was placed.

#### "BLUE-SKY" PROVISIONS OF NEWLY ENACTED COMPANY LAWS ABROAD

"Blue-sky" provisions of the Danish law on joint stock companies, passed by the Rigsdag, April 12, 1930, will become effective January 1, 1931. The law includes detailed provisions for the organization of a new company and the issuance of capital stock, of which 10 per cent must be paid within one year after registration. Further provision is made for stock issues during operation of the company. No shares may be issued below par and the company may not purchase its own shares or provisional certificates in excess of 10 per cent of its capital stock, unless such purchase is made with a view to reduction of the capital stock. Shares held by the company may not be voted. New requirements are included for the annual reports and accounts, and the disposition of surplus. Certain responsibilities are placed upon directors, a board member may not vote upon matters that affect himself or the companies or individuals with which he is connected. Speculation in the shares is prohibited. It is said that a large proportion of the American companies organized under Danish law will find it necessary to amend their organization plans in order to meet the requirements of the new act.

A Netherlands company act dated April 1, 1929, requires registration and

publication of the balance sheets and profit and loss ac-

counts of limited liability companies. The law revises the system of income taxes applied to companies, some provisions of which become effective in May, 1930, and others in May, 1931.

In Yugoslavia a new law provides for the regulation of joint-stock companies, economic, and credit associations, and other institutions which accept securities for safe-keeping. This act will be administered by officials of the Provinces. Comptrollers will be appointed to examine the accounts of the companies and determine whether the business is conducted according to law and to the rules of the company, and whether the balance sheet and final accounts are correct. If necessary commissaries will be appointed to revise the work of joint-stock companies.

#### MEXICAN DECISION REQUIRES REGISTRATION OF FOREIGN COMPANIES

In a decision rendered by the Mexican Supreme Court, October 26, 1929, it was held that a foreign corporation that is not registered in the commercial registry may not bring suit in a Mexican court. This case involved a suit brought by the Palmolive Co., a Delaware corporation, for infringement of a trade-mark 'that was registered in Mexico under the Mexican trade-mark laws. The case was carried on appeal to the supreme court which did not pass upon the question of infringement but held that the American corporation had no standing in Mexican courts since it was not registered in the commercial registry and therefore did not exist in Mexico. The Mexican commercial code, article 19, requires registration of all mercantile companies, and article 24 requires foreign companies that desire to establish themselves or create branches in the Republic to register by filing copies of their organization papers and other documents with the commercial register.

**PART III. DOCUMENTS AND SUMMARIES**

SHERMAN ANTITRUST ACT

FEDERAL TRADE COMMISSION ACT

SECTIONS OF CLAYTON ACT

EXPORT TRADE ACT

PROCEDURE AND POLICY

RULES OF PRACTICE

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INVESTIGATIONS, 1913-1930

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## **SHERMAN ANTI-TRUST ACT**

AN ACT To protect trade and commerce against unlawful restraints and monopolies

*Be it enacted by the Senate and House of representatives of the United States of America in Congress assembled:*

SECTION 1. Every contract, combination the form of trust or otherwise, conspiracy, in restraint of trade or commerce among the several States, or with foreign nations, is hereby declared to be illegal. Every person who shall make any such contract or engage in any such combination or conspiracy, shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding five thousand dollars, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court.

SEC. 2. Every person who shall monopolize, or attempt to monopolize, or com-bine or conspire with any other person or persons, to monopolize any part of the. trade or commerce among the several States, or with foreign nations, shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding five thousand dollars, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court.

SEC. 3. Every contract, combination in form of trust or otherwise, or conspiracy, in restraint of trade or commerce in any Territory of the United States or of the District of Columbia, or restraint of trade or commerce between any such Territory and another, or between any such Territory or Territories and any State or States or the District of Columbia, or with foreign nations, or between the District of Columbia and any State or States or foreign nations, is hereby declared illegal. Every person who shall make any such contract or engage in any such combination or conspiracy shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding five thousand dollars, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court.

SEC. 4. The several circuit courts of the United States are hereby invested with jurisdiction to prevent and restrain violations of this act; and it shall be the duty of the several district attorneys of the United States; in their respective districts, under the direction of the Attorney General, to institute proceedings in equity to prevent and restrain such violations. Such proceedings may be by way of petition setting forth the case and praying that such violation shall be enjoined or otherwise prohibited. When the parties complained of shall have been duly notified of such petition the court shall proceed, as soon as may be, to the hearing and determination of the case; and pending such petition and before final decree, the court may at any time make such temporary restraining order or prohibition as shall be deemed just the premises.

SEC. 5. Whenever it shall appear to the court before which any proceeding under section four of this act may be pending, that the ends of justice require that other parties should be brought before the court; the court may cause them to be summoned, whether they reside in the district in which the court is held or not; and subpoenas to that end may be served in any district by the marshal thereof.

SEC. 6. Any property owned under any contract or by any combination, or pursuant to any conspiracy (and being the subject thereof) mentioned section one of this act, and being in the course of transportation from one State to another, or to a foreign. country, shall be forfeited to the United States, and may be seized and condemned by like proceedings as those provided by law for the forfeiture, seizure, and condemnation of property imported into the United States contrary to law.

SEC. 7 Any person who shall be injured in his business or property by any other person or corporation by reason of anything forbidden or declared to be unlawful by this act, may sue therefor in any circuit court of the United States in the district in which the defendant resides or is found, without respect to the amount in controversy, and shall recover threefold the damages by him sustained, and the costs of suit, including a reasonable attorney's fee.

SEC. 8. That the word "person", or "persons", wherever used in this act shall be deemed to include corporations and associations existing under or authorized by the laws of either the United States, the laws of any of the Territories, the laws of any State, or the laws of any foreign country.

Approved, July 2, 1890.

## FEDERAL TRADE COMMISSION ACT

AN ACT To create a Federal Trade Commission, to define its powers and duties, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That a commission is hereby created and established, to be known as the Federal Trade Commission (hereinafter referred to as the Commission) , which shall be composed of five commissioners, who shall be appointed by the President, by and with the advice and consent of the Senate. Not more than three of the commissioners shall be members of the same political party. The first commissioners appointed shall continue in office for terms of three, four, five, six, and seven years, respectively, from the date of the taking effect of this Act, the term of each to be designated by the President, but their successors shall be appointed for terms of seven years, except that any person chosen to fill a vacancy shall be appointed only for the unexpired term of the commissioner whom he shall succeed : *Provided, however,* That upon the expiration of his term of office a commissioner shall continue to serve until his successor shall have been appointed and shall have qualified. The Commission shall choose a chairman from Its own membership. No commissioner shall engage in any other business, vocation, or employment. Any commissioner may be removed by the President for Inefficiency, neglect of duty, or malfeasance in office. A vacancy in the Commission shall not impair the right of the remaining commissioners to exercise all the powers of the Commission.

The Commission shall have an official seal, which shall be judicially noticed.

SEC. 2. That each commissioner shall receive a salary of \$10,000 a year, payable in the same manner as the salaries of the judges of the courts of the United States. The commission shall appoint secretary who shall receive a salary of \$5,000 a year, payable in like manner, and it shall have authority to employ and fix the compensation of such attorneys, special experts, examiners, clerks, and other employees as it may from time to time find necessary for the proper performance of its duties and as may be from time to time appropriated for by Congress.

With the exception of the secretary, a clerk to each commissioner, the attorneys, and such special experts and examiners as the Commission may from time to time find necessary for the conduct of its work, all employees of the commission shall be a part of the classified civil service, and shall enter the service under such rules and regulations as may be prescribed by the Commission and by the Civil Service Commission.

All of the expenses of the Commission, including all necessary expenses for transportation incurred by the commissioners or by their employees under their orders, in making *any* investigation, or upon official business in any other places than in the city of Washington, shall be allowed and paid on the presentation of itemized vouchers therefor approved by the Commission.

Until otherwise provided by law, the commission may rent suitable offices for its use.

The Auditor for the State and Other Departments shall receive and examine all accounts of expenditures of the Commission. 2

SEC. 3. That upon the organization of the Commission and election of its chairman, the Bureau of Corporations and the offices of Commissioner and Deputy Commissioner of Corporations shall cease to exist; and all pending investigations and proceedings of the Bureau of Corporations shall be continued by the Commission.

All clerks and employees of the said bureau shall be transferred to and become clerks and employees of the Commission at their present grades and salaries. All records, papers, and property of the said bureau shall become records, papers, and property of the Commission, and all unexpended funds and appropriations for the use and maintenance of the said bureau, including any allotment already made to it by the Secretary of Commerce from the contingent appropriation for the Department of Commerce for the fiscal year nineteen hundred and fifteen, or from the departmental printing fund for the fiscal year nineteen hundred and fifteen, shall become funds and appropriations available to be expended

by the Commission in the exercise of the powers, authority, and duties conferred on it by this Act.

The principal office of the Commission shall be in the city of Washington, but it may meet and exercise all Its powers at any other place. The Commission may, by one or more of its members, or by such examiners as it may designate, prosecute any inquiry necessary to its duties in *any* part of the United States.

SEC. 4. That the words defined in this section shall have the following meaning when found in this Act, to wit :

“Commerce” means commerce among the several States or with foreign nations, or in any Territory of the United States or in the District of Columbia, or between any such Territory and another, or between any such Territory and any State or foreign nation, or between the District of Columbia and any State or Territory or foreign nation.

“Corporation” means any company, or association incorporated or unincorporated, which is organized to carry on business for its own profit and has shares of capital or capital stock, and any company, or association, incorporated or unincorporated, without shares of capital or capital stock or certificates of interest, except partnerships, which is organized to carry on business for its own profit or that of its members.

“Documentary evidence” means all documents, papers, and correspondence, in existence at and after the passage of this act.

“Acts to regulate commerce” means the Act entitled “An Act to regulate commerce,” approved February fourteenth, eighteen hundred and eighty-seven, and all Acts amendatory thereof and supplementary thereto and the Communications Act of 1934 and all Acts amendatory thereof and supplementary thereto.

“Antitrust Acts” means the Act entitled “An Act to protect trade and commerce against unlawful restraints and monopolies,” approved July second, eighteen hundred and ninety; also sections 73 to 77, inclusive, of an Act entitled “An Act to reduce taxation, to provide revenue for the Government, and for other purposes,” approved August twenty-seven, eighteen hundred and ninety-four; also the Act entitled “An Act to amend sections 73 and 76 of the Act of August twenty-seven, eighteen hundred and ninety-four, entitled ‘An Act to reduce taxation, to provide revenue for the Government, and for other purposes,’” approved February twelfth, nineteen hundred and thirteen; and also the Act entitled “An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes,” approved October fifteenth, nineteen hundred and fourteen.

Sec. 5. That unfair methods of competition in commerce are hereby declared unlawful.

The Commission is hereby empowered and directed to prevent persons, partnerships, or corporations, except banks, common carriers, subject to the acts to regulate commerce, from using unfair methods of competition in commerce and unfair or deceptive acts or practices in commerce.

Whenever the commission shall have reason to believe that any such person, partnership, or corporation has been or is using any unfair method of competition in commerce, and if it shall appear to the commission that a proceeding by it in respect thereof would be to the interest of the public, it shall issue and serve upon such person, partnership, or corporation a complaint stating its charges in that respect, and containing a notice of a hearing upon a day and at a place therein fixed at least thirty days after the service of said complaint. The person, partnership, or corporation so complained of shall have the right to appear at the place and time so fixed and show cause why an order should not be entered by the commission requiring such person, partnership, or corporation to cease and desist from the violation of the law so charged in said complaint. Any person, partnership, or corporation may make application, and upon good cause shown may be allowed by the commission to intervene and appear in said proceeding by counsel or in person. The testimony in any such proceeding shall be reduced to writing and filed in the office of the commission. upon such hearing the commission shall be of the opinion that the method of competition in question is prohibited by this Act, it shall make a report in writing in which it shall state its findings as to the facts, and shall issue and cause to be served on such person, partnership, or corporation an order requiring such person, partnership, or corporation to cease and desist from using such method of competition. Until a transcript of the record in such hearing shall have been filed in a circuit court of appeals of the United States, as hereinafter provided, the commission may at any time, upon such notice and in such manner as it shall deem proper, modify or set aside, in whole or in part, any report or any order made or issued by it under this section.

If such person, partnership, or corporation fails or neglects to obey such order of the commission while the same is in effect, the commission may apply

to the circuit court of appeals of the United States, within any circuit where the method of competition in question was used or where such person, partnership, or corporation resides or carries on business, for the enforcement of its order, and shall certify and file with its application a transcript of the entire record in the proceeding, including all the testimony taken and the report and order of the commission. Upon such filing of the application and transcript the court shall cause notice thereof to be served upon such person, partnership, or corporation and thereupon shall have jurisdiction of the proceeding and of the question determined therein, and shall have power to make and enter upon the pleadings, testimony, and proceedings set forth in such transcript a decree affirming, modifying, or setting aside the order of the commission. The findings of the commission as to the facts, if supported by testimony, shall be conclusive. If either party shall apply to the court for leave to adduce additional evidence, and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for the failure to adduce such evidence in the proceeding before the commission, the court may order such additional evidence to be taken before the commission and to be adduced upon the hearing in such manner and upon such terms and conditions as to the court may seem proper. The commission may modify its findings as to the facts, or make new findings, by reason of the additional evidence so taken, and it shall file such modified or new findings, which if supported by testimony, shall be conclusive, and its recommendation, if any, for the modification or setting aside of its original order, with the return of such additional evidence. The judgment and decree of the court shall be final, except that the same shall be subject to review by the Supreme Court upon certiorari, as provided in section two hundred and forty of the Judicial Code.

Any party required by such order of the commission to cease and desist from using such method of competition may obtain a review of such order in said circuit court of appeals by filing in the court a written petition praying that the order of the commission be set aside. A copy of such petition shall be forth-with served upon the commission, and thereupon the commission forthwith shall certify and file in the court a transcript of the record as hereinbefore provided. Upon the filing of the transcript the court shall have the same jurisdiction to affirm, set aside, or modify the order of the commission as in the case of an application by the commission for the enforcement of its order, and the findings of the commission as to the facts, if supported by testimony, shall in like manner be conclusive.

The jurisdiction of the circuit court of appeals of the United States to enforce, set aside, or modify orders of the commission shall be exclusive.

Such proceedings in the circuit court of appeals shall be given precedence over other cases pending therein, and shall be in every way expedited. No order of the commission or judgment of the court to enforce the same shall in any wise relieve or absolve any person, partnership, or corporation from any liability under the antitrust acts.

Complaints, orders, and other processes of the commission under this section may be served by anyone duly authorized by the commission, either (a) by delivering a copy thereof to the person to be served, or to a member of the partnership to be served, or to the president, secretary, or other executive officer or a director of the corporation to be served; or (b) by leaving a copy thereof at the principal office or place of business of such person, partnership, or corporation; or (c) by registering and mailing a copy thereof addressed to such person, partnership, or corporation at his or its principal office or place of business. The verified return by the person so serving said complaint, order, or other process setting forth the manner of said service shall be proof of the same, and the return post-office receipt for said complaint, order, or other process registered and mailed as aforesaid shall be proof of the service of the same.

SEC. 6. That the commission shall also have power--

(a) To gather and compile information concerning, and to investigate from time to time the organization, business, conduct, practices, and management of any corporation engaged in commerce, excepting banks, and common carriers subject to the act to regulate commerce, and its relation to other corporations and to individuals, associations, and partnerships.

(b) To require, by general or special orders, corporations engaged in commerce, excepting banks and common carriers subject to the act to regulate commerce, or any class of them, or any of them, respectively, to file with the commission in such form as the commission may prescribe annual or special,

or both annual and special, reports or answers in writing to specific questions, furnishing to the commission such information as it may require as to the organization, business, conduct, practices, management, and relation to other corporations, partnerships, and individuals of the respective corporations filing such reports or answers in writing. Such reports and answers shall be made under oath, or otherwise, as the commission may prescribe, and shall be filed with the commission within such reasonable period as the commission may prescribe, unless additional time be granted in any case by the commission.

(c) Whenever a final decree has been entered against any defendant corporation in any suit brought by the United States to prevent and restrain any violation of the antitrust acts, to make investigation, upon its own initiative, of the manner in which the decree has been or is being carried out, and upon the application of the Attorney General, it shall be its duty to make such investigation. It shall transmit to the Attorney General a report embodying its findings and recommendations as a result of any such investigation, and the report shall be made public in the discretion of the commission.

(d) Upon the direction of the President or either House of Congress to investigate and report the facts relating to any alleged violations of the antitrust acts by any corporation.

(e) Upon the application of the Attorney General to investigate and make recommendations for the readjustment of the business of any corporation alleged to be violating the antitrust acts in order that the corporation may thereafter maintain its organization, management, and conduct of business in accordance with law.

(f) To make public from time to time such portions of the information obtained publicly it hereunder, except trade secrets and names of customers, as it shall deem expedient in the public interest; and to make annual and special reports to the Congress and to submit therewith recommendations for additional legislation and to provide for the publication of its reports and decisions in such form and manner as may be best adapted for public information and use.

(g) From time to time to classify corporations and to make rules and regulations for the purpose of carrying out the provisions of this act.

(h) To investigate, from time to time, trade conditions in and with foreign countries, where associations, combinations, or practices of manufacturers, merchants, or traders, or other conditions, may affect the foreign trade of the United States, and to report to Congress thereon, with such recommendations as it deems advisable.

SEC. 7. That in any suit in equity brought by or under the direction of the Attorney General as provided in the antitrust acts, the court may, upon the conclusion of the testimony therein, if it shall be then of opinion that the complainant is entitled to relief, refer said suit to the commission, as a master in chancery, to ascertain and report an appropriate form of decree therein. The commission shall proceed upon such notice to the parties and under such rules of procedure as the court may prescribe, and upon the coming in of such report such exceptions may be filed and such proceedings had in relation thereto as upon the report of a matter in other equity causes, but the court may adopt or reject such report, in whole or in part, and enter such decree as the nature of the case may in its judgment require.

SEC. 8. That the several departments and bureaus of the Government when directed by the President shall furnish the commission, upon its request, all records, papers, and information in their possession relating to any corporation subject to any of the provisions of this act, and shall detail from time to time such officials and employees to the commission as he may direct.

SEC. 9. That for the purposes of this act the commission, or its duly authorized agent or agents, shall at all reasonable times have access to, for the purpose of examination, and the right to copy any documentary evidence of any corporation being investigated or proceeded against; and the commission shall have power to require by subpoena the attendance and testimony of witnesses and the production of all such documentary evidence relating to any matter under investigation. Any member of the commission may sign subpoenas, and members and examiners of the commission may administer oaths and affirmations, examine witnesses, and receive evidence.

Such attendance of witnesses, and the production of such documentary evidence, may be required from any place in the United States, at any designated place of hearing. And in case of disobedience to a subpoena the commission may invoke the aid of any court of the United States in requiring the attendance and testimony of witnesses and the production of documentary evidence.

Any of the district courts of the United States within the jurisdiction of which such inquiry is carried on may, in case of contumacy or refusal to obey a subpoena issued to any corporation or other person, issue an order requiring such corporation or other person to appear before the commission, or to produce documentary evidence if so ordered, or to give evidence touching the matter in question; and any failure to obey such order of the court may be punished by such court as a contempt thereof.

Upon the application of the Attorney General of the United States, at the request of the commission, the district courts of the United States shall have jurisdiction to issue writs of mandamus commanding any person or corporation to comply with the provisions of this Act or any order of the commission made in pursuance thereof.

The commission may order testimony to be taken by deposition ' in any proceeding or investigation pending under this Act at any stage of such proceeding or investigation. Such deposition may be taken before any person designated by the commission and having power to administer oaths. Such testimony shall be reduced to writing by the person taking the deposition, or under his direction, and shall then be subscribed by the deponent. 'Any person may be compelled to appear and depose and to produce documentary evidence in the same manner as witnesses may be compelled to appear and testify and produce documentary evidence before the commission as hereinbefore provided.

Witnesses summoned before the commission shall be paid the same fees and mileage that are paid witnesses in the courts of the United States, and witnesses whose depositions are taken and the persons taking the same shall severally be entitled to the same fees as are paid for like services in the courts of the United States.

No person shall be excused from attending and testifying or from producing documentary evidence before the commission or in obedience to the subpoena of the commission on the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him may tend to criminate him or subject him to a penalty or forfeiture. But no natural person shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he may testify, or produce evidence, documentary or otherwise, before the commission in obedience to a subpoena issued by it: *Provided*, That no natural person so testifying shall be exempt from prosecution and punishment for perjury committed in so testifying.

SEC. 10. That any person who shall neglect or refuse to attend and testify, or to answer any lawful inquiry, or to produce documentary evidence, if in his power to do so, in obedience to the subpoena or lawful requirement of the commission, shall be guilty of an offense and upon conviction thereof by a court of competent jurisdiction shall be punished by a fine of not less than \$1,000 nor more than \$5,000, or by imprisonment for not more than one year, or by both such fine and imprisonment.

Any person who shall willfully make, or cause to be made, any false entry or statement of fact in any report required to be made under this Act, or who shall willfully make, or cause to be made, any false entry in any account, record, or memorandum kept by any corporation subject to this Act, or who shall will-fully neglect or fail to make, or cause to be made, full, true, and correct entries in such accounts, records, or memoranda of all facts and transactions appertaining to the business of such corporation, or who shall willfully remove out of the jurisdiction of the United States, or willfully mutilate, alter, or by any other means falsify any documentary evidence of such corporation, or who shall willfully refuse to submit to the commission or to any of its authorized agents, for the purpose of inspection and taking copies, any documentary evidence, of such corporation in his possession or within his control, shall be deemed guilty of an offense against the United States, and shall be subject, upon conviction in any court of the United States of competent jurisdiction, to a fine of not less than \$1,000 nor more than \$5,000, or to imprisonment for a term of not more than three years, or to both such fine and imprisonment.

If any corporation required by this act to file any annual or special report shall fail so to do within the time fixed by the commission for filing the same, and such failure shall continue for thirty days after notice of such default, the corporation shall forfeit to the United States the sum of \$100 for each and every day of the continuance of such failure, which forfeiture shall be payable into the Treasury of the United States, and shall be recoverable in a civil suit in the name of the United States brought in the district where the corporation has its principal office or in any district in which it shall do

business. It shall be the duty of the various district attorneys, under the direction of the Attorney General of the United States, to prosecute for the recovery of forfeitures. The costs and expenses of such prosecution shall be paid out of the appropriation for the expenses of the courts of the United States.

Any officer or employee of the commission who shall make public any information obtained by the commission without its authority, unless directed by a court, shall be deemed guilty of a misdemeanor, and, upon conviction thereof, shall be punishable by a fine not exceeding \$5,000, or by imprisonment not exceeding one year, or by fine and imprisonment, in the discretion of the court.

SEC. 11. Nothing contained in this act shall be construed to prevent or interfere with the enforcement of the provisions of the antitrust act or the acts to regulate commerce, nor shall anything contained in the act be construed to alter, modify, or repeal the said antitrust acts or the acts to regulate commerce or any part or parts thereof.

Approved, September 26, 1914.

**SECTIONS OF THE CLAYTON ACT ADMINISTERED BY  
THE FEDERAL TRADE COMMISSION**

“Commerce,” as used herein, means trade or commerce among the several States and with foreign nations, or between the District of Columbia or any Territory of the United States and any State, Territory, or foreign nation, or between any insular possessions or other places under the Jurisdiction of the United States, or between any such possession or place and any State or Territory of the United States or the District of Columbia or any foreign nation, or within the District of Columbia or any Territory or any insular possession or other place under the Jurisdiction of the United States: *Provided*, That nothing in this Act contained shall apply to the Philippine Islands.

The word “person” or “persons” wherever used in this Act shall be deemed to include corporations and associations existing under or authorized by the laws of either the United States the laws of any of the Territories, the laws of any State; or the laws of any foreign country.

SEC. 2. That it shall be unlawful for any person engaged in commerce, in the course of such commerce, either directly or indirectly to discriminate in price between different purchasers of commodities, which commodities are sold for use, consumption, or resale within the United States or any Territory thereof or the District of Columbia or any insular possession or other place under the jurisdiction of the United States, where the effect of such discrimination may be to substantially lessen competition or tend to create a monopoly in any line of commerce: *Provided*, That nothing herein contained shall prevent discrimination in price between purchasers, of commodities, on account of differences in the grade, quality, or quantity of the commodity sold, or that makes only due allowance for difference in the cost of Selling or transportation, or discrimination in price in the same or different communities made in good faith to meet competition: *And provided further*, That nothing herein contained shall prevent persons engaged in selling goods, wares, or merchandise in commerce from selecting their own customers in bona fide transactions and not in restraint of trade.

SEC. 3. That it shall be unlawful for any person engaged in commerce, in the course of such commerce, to lease or make a sale or contract for sale of goods, wares, merchandise, machinery, supplies or other commodities, whether patented or unpatented, for use, consumption, or resale within the United States or any Territory thereof or the District of Columbia or any insular possession or other place under the jurisdiction of the United States, or fix a price charged therefor, or discount from, or rebate upon, such price, on the condition, agreement, or understanding that the lessee or purchaser thereof shall not use or deal in the goods, wares, merchandise, machinery, supplies or other commodities of a competitor or competitors of the lessor or seller, where the effect of such lease, sale, or contract for sale or such condition, agreement, or understanding may be to substantially lessen competition or tend to create a monopoly in any line of commerce.

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SEC. 7. That no corporation engaged in commerce shall acquire, directly or indirectly, the whole or any part of the stock or other share capital of another corporation engaged also in commerce, where the effect of such acquisition may be to substantially lessen competition between the corporation whose stock is so acquired and the corporation making the acquisition, or to restrain such commerce in any section or community, or tend to create a monopoly of any line of commerce.

No corporation shall acquire, directly or indirectly, the whole or any part of the stock or other share capital of two or more corporations engaged in commerce where the effect of such acquisition, or the use of such stock by the voting or granting of proxies or otherwise, may be to substantially lessen competition between such corporations, or any of them, whose stock or other share capital is so acquired, or to restrain such commerce in any section or community, or tend to create a monopoly of any line of commerce.

This section shall not apply to corporations purchasing such stock solely for investment and not using the same by voting or otherwise to bring about, or in attempting to bring about, the substantial lessening of competition. Nor shall anything contained in this section prevent a corporation engaged in commerce from causing the formation of subsidiary corporations for the actual carrying on of their immediate lawful business, or the natural and legitimate branches or extensions thereof, or from owning and holding all or a part of the stock of such subsidiary corporations, when the effect of such formation is not to substantially lessen competition.

Nor shall anything herein contained be construed to prohibit any common carrier subject to the laws to regulate commerce from aiding in the construction of branches or short lines so located as to become feeders to the main line of the company so aiding in such construction or from acquiring or owning all or any part of the stock of such branch lines, nor to prevent any such common carrier from acquiring and owning all or any part of the stock of a branch or short line constructed by an independent company where there is no substantial competition between the company owning the branch line so constructed and the company owning the main line acquiring the property or an interest therein, nor to prevent such common carrier from extending any of its lines through the medium of the acquisition of stock or otherwise of any other such common carrier where there is no substantial competition between the company extending its lines and the company whose stock, property, or an interest therein is so acquired

Nothing contained in this section shall be held to affect or impair any right heretofore legally acquired: *Provided.* That nothing in this section shall be held or construed to authorize or make lawful anything heretofore prohibited or made illegal by the antitrust laws, nor to exempt any person from the penal provisions thereof or the civil remedies therein provided.

SEC. 8. \* \* \* That from and after two years from the date of the approval of this Act no person at the same time shall be a director in any two or more corporations, any one of which has capital, surplus, and undivided profits aggregating more than \$1,000,000 engaged in whole or in part in commerce other than banks, banking associations, trust companies, and common carriers subject to the Act to regulate commerce, approved February fourth, eighteen hundred and eighty-seven, If such corporations are or shall have been theretofore, by virtue of their business and location of operation, competitors, so that the elimination of competition by agreement between them would constitute a violation of any of the provisions of any of the antitrust laws. The eligibility of a director under the foregoing provision shall be determined by the aggregate amount of the capital, surplus, and undivided profits, exclusive of dividends declared but not paid to stockholders, at the end of the fiscal year of said corporation next preceding the election of directors, and when a director has been elected in accordance with the provisions of this Act it shall be lawful for him to continue as such for one year thereafter.

When any person elected or chosen as a director or officer or selected as an employee of any bank or other corporation subject to the provisions of this Act is eligible at the time of his election or selection to act for such bank or other corporation in such capacity his eligibility to act in such capacity shall not be affected and he shall not become or be deemed amenable to any of the provisions hereof by reason of any change in the affairs of such bank or other corporation from whatsoever cause, whether specifically excepted by any of the provisions hereof or not, until the expiration of one year from the date of his election or employment.

\* \* \* \* \*

SEC. 11. That authority to enforce compliance with sections two, three, seven, and eight of this Act by the persons respectively subject thereto is hereby vested: in the Interstate Commerce Commission where applicable to common carriers subject to the Interstate Commerce Act, as amended; in the Federal Communications Commission where applicable to common carriers engaged in wire or radio communication or radio transmission of energy; in the Federal Reserve Board where applicable to banks, banking associations, and trust companies; and in the Federal Trade Commission where applicable to all other character of commerce, to be exercised as follows:

Whenever the commission, authority, or board vested with jurisdiction thereof shall have reason to believe that any person is violating or has violated any of the provisions of sections two, three, seven, and eight of this Act, it shall issue and serve upon such person a complaint stating its charges in that respect, and containing a notice of a hearing upon a day and at a place therein fixed at least thirty days after the service of said complaint. The person so complained of shall have the right to appear at the place and time so fixed and show cause

why an order should not be entered by the commission, authority, or board requiring such person to cease and desist from the violation of the law so charged in said complaint. Any person may make application, and upon good cause shown, may be allowed by the commission, authority, or board, to intervene and appear in said proceeding by counsel or in person. The testimony in any such proceeding shall be reduced to writing and filed in the office of the commission, authority, or board. If upon such bearing the commission, authority, or board, as the case may be, shall be of the opinion that any of the provisions of said sections have been or are being violated, it shall make a report in writing in which it shall state its findings as to the facts, and shall issue and cause to be served on such person an order requiring such person to cease and desist from such violations, and divest itself of the stock held or rid itself of the directors chosen contrary to the provisions of sections seven and eight of this Act, if any there be, in the manner and within the time fixed by said order. Until a transcript of the record in such hearing shall have been filed in a circuit court of appeals of the United States, as hereinafter provided, the commission, authority, or board may at any time, upon such notice and in such manner as it shall deem proper, modify or set aside in whole or in part, any report, or any order made or issued by it under this section.

If such person fails or neglects to obey such order of the commission, authority, or board while the same is in effect, the commission, authority, or board may apply to the circuit court of appeals of the United States, within any circuit where the violation complained of was or is being committed or where such person resides or carries on business, for the enforcement of its order, and shall certify and file with its application a transcript of the entire record in the proceeding, including all the testimony taken and the report and order of the commission, authority, or board. Upon such filing of the application and transcript the court shall cause notice thereof to be served upon such person, and thereupon shall have Jurisdiction of the proceeding and of the question determined therein, and shall have power to make and enter upon the pleadings, testimony, and proceedings set forth in such transcript a decree affirming, modifying, or setting aside the order of the commission, authority, or board. The findings of the commission, authority, or board as to the facts, if supported by testimony, shall be conclusive. If either party shall apply to the court for leave to adduce additional evidence, and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for the failure to adduce such evidence in the proceeding before the commission, authority, or board, the court may order such additional evidence to be taken before the commission, authority, or board and to be adduced upon the hearing in such manner and upon such terms and conditions as to the court may seem proper. The commission, authority, or board may modify its findings as to the facts, or make new findings, by reason of the additional evidence so taken, and it shall file such modified or new findings, which, if supported by testimony, shall be conclusive, and its recommendations, if any, for the modification or setting aside of its original order, with the return of such additional evidence. The Judgment and decree of the court shall be final, except that the same shall be subject to review by the Supreme Court upon certiorari as provided in section two hundred and forty of the Judicial Code.

Any party required by such order of the commission, authority, or board to cease and desist from a violation charged may obtain a review of such order in said circuit court of appeals by filing in the court a written petition praying that the order of the commission, authority, or board be set aside. A copy of such petition shall be forthwith served upon the commission, authority, or board, and thereupon the commission, authority, or board forthwith shall certify and file in the court a transcript of the record as hereinbefore provided. Upon the filing of the transcript the court shall have the same jurisdiction to affirm, set aside, or modify the order of the commission, authority, or board as in the case of an application by the commission, authority, or board for the enforcement of its order, and the findings of the commission, authority, or board as to the facts, if supported by testimony, shall in like manner be conclusive.

The Jurisdiction of the circuit court of appeals of the United States to enforce, set aside, or modify orders of the commission, authority, or board shall be exclusive.

Such proceedings in the circuit court of appeals shall be given precedence over other cases pending therein, and shall be in every way expedited. No order of the commission, authority, or board or the judgment of the court to enforce the same shall in any wise relieve or absolve any person from any liability under the antitrust Acts.

Complaints, orders, and other processes of the commission, authority, or board under this section may be served by anyone duly authorized by the commission or

board, either (a) by delivering a copy thereof to the person to be served, or to a member of the partnership to be served, or to the president, secretary, or other executive officer or a director of the corporation to be served; or (b) by leaving a copy thereof at the principal office or place of business of such person; or (c) by registering and mailing a copy thereof addressed to such person at his principal office or place of business. The verified return by the person so serving said complaint, order, or other process setting forth the manner of said service shall be proof of the same, and the return post-office receipt for said complaint, order, or other process registered and mailed as aforesaid shall be proof of the service of the same.

Original act approved October 15, 1914.

\* \* \* \* \*

## EXPORT TRADE ACT

An Act to promote export trade, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the words “export trade” where-ever used in this Act mean solely trade or commerce in goods, wares, or merchandise exported, or in the course of being exported from the United States or any Territory thereof to any foreign nation; but the words “export trade” shall not be deemed to include the production, manufacture, or selling for consumption or for resale, within the United States or any Territory thereof, of such goods, wares, or merchandise, or any act in the course of such production, manufacture, or selling for consumption or for resale.

That the words “trade within the United States” wherever used in this Act mean trade or commerce among the several States or in any Territory of the United States, or in the District of Columbia, or between any such Territory and another, or between any such Territory or Territories and any State or States or the District of Columbia, or between the District of Columbia and any State or States.

That the word “Association” wherever used in this Act means any corporation or combination, by contract or otherwise, of two or more persons, partnerships, or corporations.

SEC. 2. That nothing contained in the Act entitled “An Act to protect trade and commerce against unlawful restraints and monopolies,” approved July second, eighteen hundred and ninety, shall be construed as declaring to be illegal an association entered into for the sole purpose of engaging in export trade and actually engaged solely in such export trade, or an agreement made or act done in the course of export trade by such association, provided such association, agreement, or act is not in restraint of trade within the United States, and is not in restraint of the export trade of any domestic competitor of such association: *And provided further,* That such association does not, either in the United States or elsewhere, enter into any agreement, understanding, or conspiracy, or do any act which artificially or intentionally enhances or depresses prices within the United States of commodities of the class exported by such association, or which substantially lessens competition within the United States or otherwise restrains trade therein.

SEC. 3. That nothing contained in section seven of the Act entitled “An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes”, approved October fifteenth, nineteen hundred and fourteen, shall be construed to forbid the acquisition or ownership by any corporation of the whole or any part of the stock or other capital of any corporation organized solely for the purpose of engaging in export trade, and actually engaged solely in such export trade, unless the effect of such acquisition or ownership may be to restrain trade or substantially lessen competition within the United States.

SEC. 4. That the prohibition against “unfair methods of competition” and the remedies provided for enforcing said prohibition contained in the Act entitled “An Act to create a Federal Trade Commission, to define its powers and duties, and for other purposes”, approved September twenty-sixth, nineteen hundred and fourteen, shall be construed as extending to unfair methods of competition used in export trade against competitors engaged in export trade, even though the acts constituting such unfair methods are done without the territorial jurisdiction of the United States.

SEC. 5. That every association now engaged solely” in export trade, within sixty days after the passage of this Act, and every association entered into hereafter which engages solely in export trade, within thirty days after its creation, shall file with the Federal Trade Commission a verified written statement setting forth the location of its offices or places of business and the names and addresses of all its officers and of all its stockholders or members, and if a corporation, a copy of its certificate or articles of incorporation and by-laws,

and if unincorporated, a copy of its articles or contract of association, and on the first day of January of each year thereafter it shall make a like statement of the location of its offices or places of business and the names and addresses of all its officers and of all its stockholders or members and of all amendments to and changes in its articles or certificate of incorporation or in its articles or contract of association. It shall also furnish to the commission such information as the commission may require as to its organization, business, conduct, practices, management, and relation to other associations, corporations, partnerships, and individuals. Any association which shall fail so to do shall not have the benefit of the provisions of section two and section three of this Act, and It shall also forfeit to the United States the sum of \$100 for each and every day of the continuance of such failure, which forfeiture shall be payable into the Treasury of the United States, and shall be recoverable in a civil suit in the name of the United States brought in the district where the association has its principal office, or in any district in which it shall do business. It shall be the duty of the various district attorneys, under the direction of the Attorney General of the United States, to prosecute for the recovery of the forfeiture. The costs and expenses of such prosecution shall be paid out of the appropriation for the expenses of the courts of the United States.

Whenever the Federal Trade Commission shall have reason to believe that an association or any agreement made or act done by such association is in restraint of trade within the United States or in restraint of the export trade of any domestic competitor of such association, or that an association either in the United States or elsewhere has entered into any agreement, understanding, or conspiracy, or done any act which artificially or intentionally enhances or depresses prices within the United States of commodities of the class exported by such association, or which substantially lessens competition within the United States or otherwise restrains trade therein, it shall summon such association, its officers, and agents to appear before it, and thereafter conduct an investigation into the alleged violations of law. Upon investigation, if It shall conclude that the law has been violated, it may make to such association recommendations for the readjustment of its business, in order that it may thereafter maintain its organization and management and conduct its business in accordance with law. If such association fails to comply with the recommendations of the Federal Trade Commission, said commission shall refer its findings and recommendations to the Attorney General of the United States for such action thereon as he may deem proper.

For the purpose of enforcing these provisions the Federal Trade Commission shall have all the powers, so far as applicable, given it in "An Act to create a Federal Trade Commission, to define its powers and duties, and for other purposes."

Approved, April 10, 1918.

## PROCEDURE AND POLICY

### POLICY IN PURELY PRIVATE CONTROVERSIES

It shall be the policy of the commission not to entertain proceedings of alleged unfair practices where the alleged violation of law is a purely private controversy redressable in the Courts except where said practices substantially tend to affect the public. In cases where the alleged injury is one to a competitor only and is redressible in the courts by an action by the aggrieved competitor and the interest of the public is not substantially involved, the proceeding will not be entertained.

### SETTLEMENT OF CASES BY STIPULATION

The end and object of all proceedings of the Federal Trade Commission is to end all unfair methods of competition or other violations of the law of which it is given jurisdiction. The law provides for the issuance of a complaint and a trial as procedure for the accomplishment of this end. But it is also provided that this procedure shall be had only when it shall be deemed to be in the public interest, plainly giving the commission a judicial discretion to be exercised in the particular case.

It has been contended that the language of the statute using the word "shall" is mandatory, but in view of the public-interest clause no member of the commission as now constituted holds or has ever held that the statute is mandatory. Hence, the proposed rule for settlement of applications for complaint by stipulation may be considered on its merits.

If it were not for the public-interest clause it might appear that the statute would be mandatory. It remains to determine what effect the public-interest clause has. In the interest of economy and of dispatch of business as well as the desirability of accomplishing the ends of the commission with as little harm to respondents as possible, therefore all cases should be so settled where they can be except where the public interest demands otherwise.

But when the very business itself of the proposed respondent is fraudulent, it may well be considered by the commission that the protection of the public demands that the regular procedure by complaint and order shall prevail. Indeed, there are some cases where that is the only course which would be of any value at all. As for instance the so-called "blue-sky cases" and all such where the business itself is inherently fraudulent or where a business of a legitimate nature is conducted in such a fraudulent manner that the commission is warranted in the belief that no agreement made with the proposed respondent will be kept by him.

The rule shall be that all cases shall be settled by stipulation except when the public interest demands otherwise for the reasons set forth above.

### ON AFFORDING PROSPECTIVE RESPONDENTS OPPORTUNITY TO SHOW CAUSE WHY COMPLAINT SHOULD NOT ISSUE

Except as hereinafter provided, the board of review, before it shall recommend to the commission that a complaint issue in any case, shall afford the proposed respondent a hearing to show cause why a complaint should not issue. Such hearing shall be informal in character and shall not involve the taking of testimony. The proposed respondent shall be permitted to make or submit such statements of fact or law as he shall desire. The extent and control of such hearing shall rest with a majority of the board. The respondent shall have three weeks' notice of the time and place of hearing, to be served on the respondent by the secretary of the commission.

Provided, That if in any case the majority of the board shall be of opinion that a hearing is not required because (a) the respondent has been fully interviewed and has given to the examiner every fact or argument that could be

offered as a defense, or (b) the practice has been fully established and is of such character that in the nature of the case nothing could be adduced in mitigation, or (c) to delay the issuance of a complaint to afford a hearing might result in a loss of Jurisdiction, or (d) otherwise unnecessary or incompatible with the public interest, the board may transmit the case to the commission, via the docket section, with its conclusions and recommendations, without a hearing, as in this rule provided.

#### ON PUBLICITY IN THE SETTLEMENT OF CASES

In the settlement of any matter by stipulation before complaint is issued, no statement in reference thereto shall be made by the commission for publication. <sup>1</sup> After a complaint is issued, no statement in regard to the case shall be made by the commission for publication until after the final determination of the case.

After a complaint has been issued and served the papers in the case shall be open to the public for inspection, under such rules and regulations as the secretary may prescribe.

It has been the rule, which is now abolished, to issue a statement upon the filing of a complaint, stating the charges against a respondent.

Concerning the withholding of publicity where cases are settled by stipulation without complaint, the custom has always been not to issue any statement. The so-called applicant or complaining party has never been regarded as a party in the strict sense. The commission is not supposed to act for any applicant, but wholly in the public interest. It has always been and now is the rule not to publish or divulge the name of an applicant or complaining party, and such party has no legal status before the commission except where allowed to intervene as provided by the statute.

#### ON DEALING WITH UNFAIR COMPETITION THROUGH TRADE-PRACTICE CONFERENCES

The trade-practice conference affords, broadly stated, a means through which representatives of an industry voluntarily assemble, either at their own instance or that of the commission, but under the auspices of the latter, for the purpose of considering any unfair practices in their industry, and collectively agreeing upon and providing for their abandonment in cooperation with and with the support of the commission.

This procedure deals with an industry as a unit. It is concerned solely with practices and methods, not with individual offenders. It regards the industry as occupying a position comparable to that of "friend of the court" and not as that of the accused. It wipes out on a given date all unfair methods condemned at the conference and thus places all competitors on an equally fair competitive basis. It performs the same function as a formal complaint with out bringing charges, prosecuting trials, or employing any compulsory process, but multiplies results by as many times as there are members in the industry who formerly practiced the methods condemned and voluntarily abandoned.

The beneficial results of this form of procedure are now well established, and the commission is always glad to receive and Consider requests for the holding of trade-practice conferences. <sup>2</sup>

<sup>1</sup> The commission does, however, after omitting the names of the proposed respondents, make public digests of cases in which it accepts stipulations of the facts an agreements to cease and desist.

<sup>2</sup> The commission has prepared and published for public distribution a pamphlet entitled "Trade Practice Conferences," in which the history, theory, and working of this procedure and the various trade-practice conferences theretofore held by the commission are described.

## **RULES OF PRACTICE**

### **I. SESSIONS**

The principal office of the commission at Washington, D. C., is open each business day from 9 a. m. to 4.30 p. m. The commission may meet and exercise all its powers at any other place, and may, by one or more of its members, or by such examiners as it may designate, prosecute any inquiry necessary to its duties in any part of the United States.

Sessions of the commission for hearing contested proceedings will be held as ordered by the commission.

Sessions of the commission for the purpose of making orders and for the transaction of other business, unless otherwise ordered, will be held at the office of the commission at Washington, D. C., on each business day at 10.30 a. m. Three members of the commission shall constitute a quorum for the transaction of business.

All orders of the commission shall be signed by the secretary.

### **II. COMPLAINTS**

Any person, partnership, corporation, or association may apply to the commission to institute a proceeding in respect to any violation of law over which the commission has jurisdiction.

Such application shall be in writing, signed by or in behalf of the applicant, and shall contain a short and simple statement of the facts constituting the alleged violation of law and the name and address of the applicant and of the party complained of.

The commission shall investigate the matters complained of in such application, and if upon investigation the commission shall have reason to believe that there is a violation of law over which the commission has jurisdiction, and if it shall appear to the commission that a proceeding by it in respect thereof would be to the interest of the public, the commission shall issue and serve upon the party complained of a complaint stating its charges and containing a notice of a hearing upon a day and at a place therein fixed, at least 40 days after the service of said complaint.

### **III. ANSWERS**

(1) In case of desire to contest the proceeding the respondent shall, within such time as the commission shall allow (not less than 30 days from the service of the complaint), file with the commission an answer to the complaint. Such answer shall contain a short and simple statement of the facts which constitute the ground of defense. Respondent shall specifically admit or deny or explain each of the facts alleged in the complaint, unless respondent is without knowledge, in which case respondent shall so state, such statement operating as a denial. Any allegation of the complaint not specifically denied in the answer, unless respondent shall state in the answer that respondent is without knowledge, shall be deemed to be admitted to be true and may be so found by the commission.

(2) In case respondent desires to waive hearing on the charges set forth in the complaint and not to contest the proceeding, the answer may consist of a statement that respondent refrains from contesting the proceeding or that respondent consents that the commission may make, enter, and serve upon respondent an order to cease and desist from the violations of the law alleged in the complaint, or that respondent admits all the allegations of the complaint to be true. Any such answer shall be deemed to be an admission of all the allegations of the complaint, to waive a hearing thereon, and to authorize the commission, without a trial, without evidence, and without findings as to the facts or other intervening procedure, to make, enter, issue and serve upon respondent an order to cease and desist from the method or methods of competition charged in the complaint.

(3) Failure of the respondent to appear or to file answer within the time as above provided for shall be deemed to be an admission of all allegations of the complaint and to authorize the commission to find them to be true and to waive hearing on the charges set forth in the complaint.

(4) Three copies of answers must be furnished. All answers must be signed in ink by the respondent or by his duly authorized attorney and must show the office and post-office address of the signer. All answers must be typewritten or printed. If typewritten, they must be on paper not more than 8 ½ inches wide and not more than 11 inches long. If printed, they must be on paper 8 inches wide by 10 ½ inches long.

#### IV. SERVICE

Complaints, orders, and other processes of the commission may be served by anyone duly authorized by the commission, either (a) by delivering a copy thereof to the person to be served, or to a member of the partnership to be served, or to the president, secretary, or other executive officer, or a director, of the corporation or association to be served; or (b) by leaving a copy thereof at the principal office or place of business of such person, partnership, corporation, or association; or (c) by registering and mailing a copy thereof addressed to such person, partnership, corporation, or association at his or its principal office or place of business. The verified return by the person so serving said complaint, order, or other process, setting forth the manner of said service, shall be proof of the same, and the return post-office receipt for said complaint, order, or other process, registered and mailed, as aforesaid, shall be proof of the service of the same.

#### V. INTERVENTION

Any person, partnership, corporation, or association desiring to intervene in a contested proceeding shall make application in writing, setting out the grounds on which he or it claims to be interested. The commission may, by order, permit intervention by counsel or in person to such extent and upon such terms as it shall deem just.

Applications to intervene must be on one side of the paper only, on paper not more than 8 ½ inches wide and not more than 11 inches long, and weighing not less than 16 pounds to the ream, folio base, 17 by 22 inches, with left-hand margin not less than 1 ½ inches wide, or they may be printed in 10 or 12 point type on good unglazed paper, 8 inches wide by 10 ½ inches long, with inside margins not less than 1 inch wide.

#### VI. CONTINUANCES AND EXTENSIONS OF TIME

Continuances and extensions of time will be granted at the discretion of commission.

#### VII. WITNESSES AND SUBPOENAS

Witnesses shall be examined orally, except that for good and exceptional cause for departing from the general rule the commission may permit their testimony to be taken by deposition.

Subpoenas requiring the attendance of witnesses from any place in the United States at any designated place of hearing may be issued by any member of the commission.

Subpoenas for the production of documentary evidence (unless directed to issue by a commissioner upon his own motion) will issue only upon application in writing, which must be verified and must specify, as near as may be, the documents desired and the facts to be proved by them.

Witnesses summoned before the commission shall be paid the same fees and mileage that are paid witnesses in the courts of the United States, and witnesses whose depositions are taken, and the persons taking the same, shall severally be entitled to the same fees as are paid for like services in the courts of the United States. Witness fees and mileage shall be paid by the party at whose instance the witnesses appear.

#### VIII. TIME FOR TAKING TESTIMONY

Upon the joining of issue in a proceeding by the commission the examination of witnesses therein shall proceed with all reasonable diligence and with

the least practicable delay. Not less than five days' notice shall be given by the commission to counsel or parties of the time and place of examination of witnesses before the commission, a commissioner, or an examiner.

#### IX. OBJECTIONS TO EVIDENCE

Objections to the evidence before the commission, a commissioner, or an examiner shall, in any proceeding, be in short form, stating the grounds of objections relied upon, and 110 transcript filed shall include argument or debate.

#### X. MOTIONS

A motion in a proceeding by the commission shall briefly state the nature of the order applied for, and all affidavits, records, and other papers upon which the same is founded, except such as have been previously filed or served in the same proceeding, shall be filed with such motion and plainly referred to therein.

#### XI. HEARINGS ON INVESTIGATION

When a matter for investigation is referred to a single commissioner for examination or report, such commissioner may conduct or hold conferences or hearings thereon, either alone or with other commissioners who may sit with him, and reasonable notice of the time and place of such hearings shall be given to parties in interest and posted.

The general counsel or one of his assistants, or such other attorney as shall be designated by the commission, shall attend and conduct such hearings, and such hearings may, in the discretion of the commissioner holding same, be public.

#### XII. HEARINGS BEFORE EXAMINERS

When issue in the case is set for trial it shall be referred to an examiner for the taking of testimony. It shall be the duty of the examiner to complete the taking of testimony with all due dispatch, and he shall set the day and hour to which the taking of testimony may from time to time be adjourned. The taking of the testimony both for the commission and the respondent shall be completed within 30 days after the beginning of the same unless, for good cause shown, the commission shall extend the time. The examiner shall, within 10 days after the receipt of the stenographic report of the testimony, make his report on the facts, and shall forthwith, serve copy of the same on the parties or their attorneys, who, within 10 days after the receipt of same, shall file in writing their exceptions, if any, and said exceptions shall specify the particular part or parts of the report to which exception is made, and said exceptions shall include any additional facts which either party may think proper. Seven copies of exceptions shall be filed for the use of the commission. Citations to the record shall be made in support of such exceptions. Where briefs are filed the same shall contain a copy of such exceptions. Argument on the exceptions, if exceptions be filed, shall be had at the final argument on the merits.

When, in the opinion of the trial examiner engaged in taking testimony in any formal proceeding, the size of the transcript or complication or importance of the issues involved warrants it, he may of his own motion or at the request of counsel at the close of the taking of testimony announce to the attorneys for the respondent and for the commission that the examiner will receive at any time before he has completed the drawing of the "trial examiner's report upon the facts" a statement in writing (one for either side) in terse outline setting forth the contentions of each as to the facts proved in the proceeding.

These statements are not to be exchanged between counsel and are not to be argued before the trial examiner.

Any tentative draft of findings or findings submitted by either side shall be submitted within 10 days after the closing of the taking of testimony and not later, which time shall not be extended.

#### XIII. DEPOSITIONS IN CONTESTED PROCEEDINGS

The commission may order testimony to be taken by deposition in a contested proceeding.

Depositions may be taken before any person designated and having power to administer oaths by the commission.

Any party desiring to take the deposition of a witness shall make application in writing, setting out the reasons why such deposition should be taken, and stating the time when, the place where; and the name and post-office address of the person before whom it is desired the deposition be taken, the name and post-office address of the witness, and the subject matter or matters concerning which the witness is expected to testify. If good cause be shown, the commission will make and serve upon the parties, or their attorneys, an order wherein the commission shall name the witness whose deposition is to be taken and specify the time when, the place where, and the person before whom the witness is to testify, but such time and place, and the person before whom the deposition is to be taken, so specified in the commission's order, may or may not be the same as those named in said application to the commission.

The testimony of the witness shall be reduced to writing by the officer before whom the deposition is taken, or under his direction, after which the deposition shall be subscribed by the witness and certified in usual form by the officer. After the deposition has been so certified it shall, together with a copy thereof made by such officer or under his direction, be forwarded by such officer under seal in an envelope addressed to the commission at its office in Washington, D. C. Upon receipt of the deposition and copy the commission shall file in the record in said proceeding such deposition and forward the copy to the defendant or the defendant's attorney.

Such depositions shall be typewritten on one side only of the paper, which shall be not more than 8 ½ inches wide and not more than 11 inches long and weighing not less than 16 pounds to the ream, folio base, 17 by 22 inches, with left-hand margin not less than 1 ½ inches wide.

No deposition shall be taken except after at least 6 days' notice to the parties, and where the deposition is taken in a foreign country such notice shall be at least 15 days.

No deposition shall be taken either before the proceeding is at issue, or, unless under special circumstances and for good cause shown, within 10 days prior to the date of the hearing thereof assigned by the commission, and where the deposition is taken in a foreign country it shall not be taken after 30 days prior to such date of hearing.

#### XIV. DOCUMENTARY EVIDENCE

Where relevant and material matter offered in evidence is embraced in a document containing other matter not material or relevant and not intended to be put in evidence, such document will not be filed, but a copy only of such relevant and material matter shall be filed.

#### XV. BRIEFS

All briefs must be filed with the secretary of the commission and briefs on behalf of the commission must be accompanied by proof of the service of the same as hereinafter provided, or the mailing of same by registered mail to the respondent or its attorney at the proper address. Twenty copies of each brief shall be furnished for the use of the commission unless otherwise ordered. The exceptions, if any, to the trial examiner's report must be incorporated in the brief. Every brief, except the reply brief on behalf of the commission, hereinafter mentioned, shall contain in the order here stated:

(1) A concise abstract or statement of the case.

(2) A brief of the argument, exhibiting a clear statement of the points of fact or law to be discussed, with the reference to the pages of the record and the authorities relied upon in support of each point.

Every brief of more than 10 pages shall contain on its top flyleaf a subject index with page references, the subject index to be supplemented by a list of all cases referred to, alphabetically arranged, together with references to pages where the cases are cited.

Briefs must be printed in 10 or 12 point type on good unglazed paper 8 inches by 10 ½ inches, with inside margins not less than 1 inch wide, and with double leaded text and single leaded citations.

The reply brief on the part of the commission shall be strictly in answer to respondent's brief.

The time within which briefs shall be filed is fixed as follows: For the opening brief on behalf of the commission, 30 days from the day of the service upon the chief counsel or trial attorney of the commission of the trial exam-

iner's report; for brief on behalf of respondent 30 days after the date of service upon the respondent or his attorney of the brief on behalf of the commission for reply brief on behalf of the commission, 10 days after the filing of the respondent's brief. Reply brief on behalf of respondent will not be permitted to be filed. Applications for extension of time in which to file briefs shall be by petition in writing, stating the facts on which the application rests, which must be filed with the commission at least five days before the time fixed for filing such briefs. Briefs not filed with the commission on or before the dates fixed therefor will not be received except by special permission of the commission. Appearance of additional counsel in a case shall not, of itself, constitute sufficient grounds for extension of time for filing brief or for postponement of final hearing.

Briefs on behalf of the commission may be served by delivering a copy thereof to the respondent's attorney or to the respondent in case respondent be not represented by attorney; or by registering and mailing a copy thereof addressed to the respondent's attorney or to the respondent in case respondent be not represented by attorney, at the proper post-office address. Written acknowledgment of service, or the verified return of the party making the service, shall constitute proof of personal service as hereinbefore provided, amid the return post-office receipt aforesaid for said brief, when registered and mailed, shall constitute proof of the service of the same.

Oral arguments may be had only as ordered by the commission on written application of the chief counsel or of respondent filed not later than five days after expiration of the time allowed for filing of reply brief of counsel for the commission.

#### XVI. REPORTS SHOWING COMPLIANCE WITH ORDERS

In every case where an order is issued by the commission for the purpose of preventing violations of law the respondent or respondents therein named shall file with the commission, within the time specified in said order, a report in writing setting forth in detail the manner and form in which the said order of the commission has been complied with.

#### XVII. REOPENING PROCEEDINGS

In any case where an order to cease and desist, an order dismissing a complaint, or other order disposing of a proceeding is issued, the commission may, at any time within 90 days after the entry of such order, for good cause shown in writing and on notice to the parties, reopen the case for such further proceedings as to the commission may seem proper.

#### XVIII. ADDRESS OF THE COMMISSION

All communications to the commission must be addressed to Federal Trade Commission, Washington, D. C., unless otherwise specifically directed.

## TRADE PRACTICE CONFERENCES, FISCAL YEAR 1929-30

Industry	Where held	Date of conference	Date of statement
Ammunition manufacturers	New York	Apr. 15, 1930	
Athletic goods	White Sulphur Springs, W Va.	May 7, 1930	
Bank and commercial stationery	Washington	June 12, 1930	
Bituminous coal, Utah	Salt Lake City	Dec. 3, 1929	Jan. 22, 1930
Bottle cap manufacturers	Chicago	May 27, 1930	
Clothing cotton converters	New York	Mar. 13, 1930	
Commercial cold storage	Minneapolis	July 2, 1929	Nov. 9, 1929
Common brick	Memphis	Feb. 3, 1930	
Concrete mixer and paver	French Lick, Ind	Sept. 5, 1929	Nov. 21, 1929
Crushed stone	Cincinnati	Jan. 23, 1930	Apr. 15, 1930
Direct selling	Dayton	Oct. 11, 1929	Dec. 18, 1929
Electrical industry:			
Carbon products	Washington	Oct. 10, 1929	Mar. 6, 1930
Electrical mica	do	do	Mar. 4, 1930
Flexible cords	do	do	Mar. 10, 1930
Molded products	do	do	Mar. 5, 1930
Outlet boxes	do	do	Mar. 3, 1930
Vulcanized fiber	do	do	Mar. 7, 1930
Field and grass seed	Chicago	Dec. 20, 1929	May 24, 1930
Floor and wall clay the	St. Louis	Oct. 21, 1929	Jan. 18, 1930
Furnace pipe and fittings	Chicago	Apr. 11, 1930	
Greeting card	Washington	Sept. 10, 1929	Jan. 25, 1930
Hardware jobbers (Southern States)	do	Oct. 18, 1929	Mar. 1, 1930
Ice cream (District of Columbia)	do	Dec. 10, 1929	
Jewelry (school and college)	Chicago	June 27, 1930	
Knit underwear (second conference)	Utica, N. Y	May 26, 1930	July 7, 1930
Knitted outerwear	Chicago	Nov. 21, 1929	Apr. 17, 1930
Lake superior coal-dock dealers	do	Jan. 4, 1930	
Leatherboard	Boston	Dec. 19, 1929	Apr. 25, 1930
Marble (interior)	Chicago	June 18, 1930	
Medical gas	Indianapolis	Nov. 25, 1929	Apr. 19, 1930
Milk and ice-cream cans	New York	Mar. 21, 1930	
Mixed feed manufacturers (southern)	Louisville	May 19, 1930	
Nail and tack	New York	June 26, 1930	
Nonferrous metal	Washington	Feb. 6, 1930	
Paper bag	do	Dec. 3, 1929	
Pin manufacturers	New York	May 27, 1930	
Pipe-nipple manufacturers	Pittsburgh	Jan. 28, 1930	
Plumbers' and potters' brass goods	New York	June 12, 1930	
Portable fire extinguishers	Cleveland	May 23, 1930	
Prison equipment	Oklahoma City	Jan. 31, 1930	
Public seating	Washington	Dec. 19, 1929	Feb. 12, 1930
Roll and machine tickets	do	Feb. 25, 1930	
Saddlery hardware	do	Apr. 15, 1930	
Sardine packers, Maine	Bangor, Me	May 1, 1930	
Schiffli embroidery	West New York, N.J.	May 24, 1930	
Set-up paper box and, paper can, tube and drum	Cleveland	Feb. 27, 1930	
Sled	Buffalo	Oct. 31, 1929	Jan. 21, 1930
Sole and belting leather	New York	Dec. 7, 1929	
Solid section steel windows	Washington	Nov. 18, 1929	Apr. 28, 1930
Solvents	New York	Mar. 18, 1930	
Structural clay the	St. Louis	Mar. 31, 1930	June 11, 1930
Structural steel fabricators	Biloxi Miss	Nov. 11, 1929	Jan. 24, 1930
Veneer fruit and vegetable containers	Memphis	Nov. 22, 1929	Jan. 23, 1930
Wall paper	New York	Feb. 11, 1930	May 22, 1930
Walnut woods	Chicago	Oct. 10, 1929	Jan. 27, 1930
Warm-air furnaces	Cleveland	Oct. 23, 1929	Jan. 19, 1930
Watch case (third conference)	New York	Feb. 21, 1930	

### *Recapitulation*

Total number of conferences held prior to fiscal year  
 Number of conferences held during fiscal year  
 Grand total number of conferences held in history of the

68  
57

commission to July 1,1930

125

166

## PROCEEDINGS DISPOSED OF IN FISCAL YEAR

[The cases listed here are those in which, during the fiscal year reported, the commission issued orders to cease and desist from unfair methods of competition found to have been practiced by respondents in violation of the Federal Trade Commission act, except in several instances where the violations were of the Clayton Act.]

### ORDERS TO CEASE AND DESIST

**Abraham, Nathaniel** (N. Abraham Co. & Warehouse). (Complaint No.1707.) Charge: That respondent, in the sale of paints and other articles of merchandise, uses firm name "Warehouse" and advertises among other Army and Navy surplus supplies, certain paints which are not Army and Navy paints: thereby deceiving purchasing public into erroneous belief that respondent's product is made in accordance With specifications of the Government.

Disposition : After a stipulation in lieu of testimony, order to cease and desist was entered February 12, 1930.

**Albany Billiard Ball Co., F. Grote & Hubbell Co. (Inc.), and Portland Billiard Ball Co.** (Complaint No.1530.) Charge : That respondents,, engaged in manufacture and sale of composition pool balls, entered into agreement whereby Albany Billiard Ball Co. manufactures balls of regulation size only, selling to respondent, F. Grote & Hubbell Co. exclusively, and respondent Portland Billiard Ball Co. manufactures balls of less-than-regulation size only, discontinuing, for a consideration, exportation of balls, and selling to respondents F. Grote & Hubbell Co. at 15 per cent less than to other purchasers, receiving in turn a commission on all sales : thereby tending to hinder and suppress free competition,, to the prejudice of the public and of respondents' competitors.

Disposition: After trial, order to cease and desist was entered April 12, 1930.

**American School of Correspondence.** (Complaint No.1486.) Charge: That respondent, furnishing courses of instructions by correspondence in sundry arts, sciences, professions, and branches, circulates false and misleading statements relative to operation without profit, regular prices for course, tools, and text books that are alleged to be given free of charge, and credits for entrance into all colleges; thereby deceiving purchasing public into erroneous belief that respondent operates without profit, gives gratuities the cost of which is not included in price paid for course, offers special, reduced prices, qualifies students as "experts" in certain courses, and for entrance into colleges in other courses, and secures lucrative positions for pupils completing course.

Disposition: After trial, order to cease amid desist was entered June 23, 1930.

**American School of Home Economics.** (Complaint No. 1557.) Charge: That respondent, engaged in furnishing correspondence courses of instructions in sundry arts, sciences, professions, and branches, circulates numerous false and misleading statements relative to price of course, corps of instructors, lucrative positions to be secured, purported gratuities, refund of tuition fees, and right of exclusive sales in specified territories; thereby deceiving purchasing public into erroneous belief that respondent operates without profit, that special, reduced prices are being quoted, that a large staff of teachers is retained, that cost of alleged gratuities is not included in price paid for course, and that lucrative positions are practically assured students completing the course and that right of exclusive sale in a specified territory is accorded each student completing course in candy making.

Disposition: After testimony supplemented by a stipulation, in lieu of further hearings, order to cease and desist was entered January 25, 1930.

**Anita Institute.** (Complaint No. 1690.) Charge : That respondent, engaged in the manufacture and sale of a device designated "Anita Nose Adjustor," falsely represents that the mere wearing of such device during sleeping hours will permanently transform malformed noses within from one to six weeks' time, thereby deceiving the purchasing public in to t he erroneous belief that respondent's product will furnish a simple, effective cure within a short space of time.

Disposition: With consent of respondent,, order to cease and desist was entered February 1, 1930.

**Boal's Rolls Corporation.** (Complaint No. 1712.) Charge : That respondent, engaged in manufacture and sale of a cathartic designated "Boal's Rolls,," circulates numerous false and misleading statements as to ingredients and curative properties of product : thereby deceiving purchasing public into erroneous belief that respondent's product is a remedy having laxative properties due to its fruit content rather than to the phenolphthalein, cascara, and senna, contained therein, and that it will prevent various disorders and diseases.

Disposition: After trial,, order to cease and desist was entered June 30, 1930.

**Burton Bros. & Co. (Inc.).** (Complaint No.1696.) Charge : That respondent,, engaged in the converting of a cotton fabric designated "Burton's Irish Poplin and the sale thereof to retail dealers, has adopted and employs a system for the maintenance of uniform resale prices, refusing to sell to manufacturers who will not affix to the shirts manufactured from this fabric and to the containers thereof the price at which the goods must be sold, and threatening retailers with suits for infringement of respondent's trade-mark unless such price is maintained; thereby tending to hinder and suppress free competition, to the prejudice of the public and of respondent's competitors.

Disposition: After trial, an order to cease and desist was entered May 12, 1930. The case is now pending in the United States Circuit Court of Appeals for the Second Circuit, on respondent's petition for review of order to cease and desist.

**Bush, David V.** (Complaint No.1596.) Charge : That respondent, engaged in furnishing instructions by correspondence for reduction of bodily weight, advertises a special price of \$2.98 for instructions covering course of lectures for which he received \$25 each from thousands of men and women, which will cause all excess fat to disappear within few days, regardless of present weight, without starving, exercising, or drugs, the mimeographed instruction directing that for 1, 2, or 3 days the person desiring to reduce, go without food except juices of specified fruits and water, and guaranteeing that from 1 to 15 pounds of weight will be lost within 3 to 10 days; thereby deceiving purchasing public into erroneous belief that a special, reduced price is being quoted, and that such reductions will be effected by following the instructions as given.

Disposition: With consent of respondent,, order to cease and desist was entered June 23, 1930.

**Cherry Blossoms Manufacturing Co.** (Complaint No.1542.) Charge : That respondent, engaged in manufacture of an artificially flavored concentrate and sale thereof to bottlers, uses the words "Cherry Blossoms," together with depictions of cherry blossoms, in advertising matter and furnishes wholesale dealers with labels hearing the words "cherry blossoms," in conspicuous type, together with depictions of cherry blossoms, followed by the words "imitation cherry concentrate," "artificial color and flavor" in inconspicuous type : thereby placing in hands of others the means of deceiving purchasing public into erroneous belief that respondent's products consist of fruit or juice of the cherry.

Disposition : After trial, order to cease and desist was entered December 16, 1929.

**Clarkson, David B., Co.** (Complaint No. 1540.) Charge : That respondent, engaged in sale of books at retail, advertises an obsolete encyclopedia entitled "Appleton's New Practical Cyclopeda," regularly sold by him for \$11.75, as a new work being sold throughout United States in six volumes at price of \$42, and in connection with certain other books quotes a price in excess of that at which such books have been sold. as a reduced price for a limited time only; thereby deceiving purchasing public into erroneous belief that special. reduced prices are being quoted, and that encyclopedia is a new reference work, being sold at a special price for introductory purposes.

Disposition : After a stipulation in lieu of testimony order to cease and desist was entered December 7, 1929.

**Clear Sight Spectacle Co.** (Rithoiz, Messrs. B. D., M I. S. Jr, F., and Ante). ( Complaint No. 1554.) Charge : That respondents, engaged in manufacture of spectacles, advertise that for a limited time only a pair of spectacles guar-anteed for five years will be given to one person in each community who will act as agent and induce two persons to order spectacles, depositing \$1 each, the spectacles, which are alleged to be of \$15 value, to be sent to purchasers C.O. D. \$2.98, the agent to retain the \$1 deposit for all orders after the first two;

thereby deceiving purchasing public into erroneous belief that a special, reduced price is being quoted, and that cost of purported gratuities to agent is not included in price paid by customers.

Disposition : After trial, an order to cease and desist was entered February 15, 1930.

**Consolidated Book Publishers (Inc.).** (Complaint No. 1538.) Charge : That respondent, engaged in sale and distribution of a set of books under the titles "New World Wide Cyclopedia" and "Times Encyclopedia and Gazetteer," without disclosing fact that the two publications are identical, offers "New World Wide Cyclopedia," together with a two-year enrollment in a research bureau, which proves to be nonexistent, free with a \$33.23 subscription to a 10-year extension service, which price is sufficient to compensate respondent for the books and the service, and advertises that a limited number of sets will be given free of charge as part of an advertising campaign; thereby deceiving purchasing public into erroneous belief that the two publications are entirely different sets of books; that a limited number of sets are given entirely free of charge; that extension service is of such a character as to justify price charged; and that the books are in truth gratuities.

Disposition: After trial order to cease and desist was entered May 6, 1930. Case is now pending in United States Circuit Court of Appeals, Seventh Circuit, on respondent's petition for review of commission's order.

**Dixie Pecan Growers Exchange (Inc.).** (Complaint No. 1548) Charge: That respondent, engaged in sale of pecans purchased by him from growers in various parts of United States, uses words "Growers Exchange" in firm name, and slogan "Direct from the Growers," thereby deceiving purchasing public into erroneous belief that respondent is an organization of growers able to make quick delivery and supply a fresh product.

Disposition: After trial order to cease and desist was entered February 15, 1930; a modified order being entered June 14, 1930.

**Enterprise Furniture Factory and Enterprise Upholstered Furniture Co.** (Jacob Woodnick and Philip Wasserman, partners). (Complaint No. 1569.) Charge: That respondents, engaged in the sale of furniture, some of which they finish and upholster, use the word "factory" in firm name, have extended a sign bearing the firm name across the entire front of a large building of which they occupy only a relatively small space, and circulate false and misleading statements to the effect that they manufacture the furniture they sell; thereby deceiving the purchasing public into the erroneous belief that respondents operated a large factory and that the prices quoted are exclusive of the middleman's profit.

Disposition : After trial, and order to cease and desist was entered January 30, 1930.

**Espositer Varni Co.** (Complaint No. 1781.) Charge (see charge in complaint No. 1780, p. 209).

Disposition : With consent of respondent, order to cease and desist was entered June 24, 1930.

**Everitt & Graf (Inc.).** (Complaint No. 1611.) Charge : That respondent, engaged in manufacture and sale of women's hats, uses words "California Sport Hat" to label and advertise products which he manufactures in Wisconsin; thereby deceiving purchasing public into erroneous belief that respondent's products are manufactured in California.

Disposition : After trial, order to cease and desist was entered May 19, 1930.

**Gibbons Knitting Mills (Inc.).** (Complaint No. 1434.) Charge : That respondent, in sale of knitted garments to wholesale dealers, uses word "Mills" in firm name and in advertising matter; thereby deceiving purchasing public into erroneous belief that prices quoted are exclusive of middleman's profit.

Disposition : After trial, order to cease and desist was entered December 23, 1929.

**Glover, Clara Louise,** and Bernard Bernard, trading as L Glover and R. B. Newell. (Complaint No. 1591.) Charge : That respondents, furnishing correspondence courses in physical culture, circulate by means of advertising matter and pictures false and misleading representations relative to effectiveness of the course, which is purported to be in the hands of one "Glover," a height-increasing specialist, who is in fact a purely fictitious person, and the indorsement of one Dr. Bernard Bernard, who is in fact a party to the business; thereby deceiving purchasing public into erroneous belief that respondents' course is supervised and indorsed by well-known disinterested persons; that the method will appreciably increase the height even of persons who have passed

beyond the age at which physical growth has ceased : and that pictures purporting to show development in height truly reflect a change in stature.

Disposition: After a stipulation in lieu of testimony, order to cease and desist was entered June 24, 1930.

**Griswold, Graham (Griswold Lumber Co.)** (Complaint No.1606.) Charge: That respondent, engaged in sale of furniture, uses trade name "Jefferson Furniture Manufacturing Company" and slogan "Factory to Home," and advertises that respondent manufactures furniture sold by him; thereby deceiving purchasing public into erroneous belief that prices quoted are exclusive of middleman's profit.

Disposition: With consent of respondent, order to cease and desist was entered September 23, 1929.

**Hamilton Garment Co.** (Complaint No.1713.) Charge : That respondent, engaged in the sale of merchandise through mail orders, falsely claims to be an importer and a manufacturer, and uses the words, "pearl," "amber," "gold," "silk," "satin," "wool," "leather," "beaver," "lynx," to designate products that are not as represented, thereby deceiving purchasing public into erroneous belief that certain of respondent's products are imported, that in case of some of the merchandise, prices quoted are exclusive of middleman's profit, and that all the merchandise is of material and quality designated.

Disposition : After a stipulation in lieu of testimony, order to cease and desist was entered June 30, 1930.

**House, L. J., Convex Glass Co.** (Complaint No. 1674.) Charge : That respondent. engaged in manufacture and sale of lamps, gear shift balls, and other products made of a material simulating onyx, uses the words "onyx," "Ox-X-Glass," etc., on labels and in advertising matter descriptive of same : thereby deceiving purchasing public into erroneous belief that respondent's products are made of onyx.

Disposition : After trial, order to cease and desist was entered March 31, 1930.

**Johns on, William H.,** trading as Ethylene Sales Co. and Hathaway & Hamilton, J. Merrell Redding, trading as Ethyl Gas Co., and J. H. Hathaway, trading as American Chemical Co. (Complaint No.1720.) Charge : That respondents, engaged in sale of a fluid for treating motor fuel, simulate trade name, signs, and advertising matter of Ethyl Gasoline Corporation, a competitor who manufactures a fluid possessing high "anti-knock" properties, and use in advertising matter the phrase "Reg. U. S. Pat. Off." and "Works at Passaic, New Jersey," in connection with picture of large manufacturing plant, and the phrase "Export Department, 230 Fifth Avenue, New York City"; thereby deceiving purchasing public into erroneous belief that respondents are manufacturers and exporters, that prices quoted are exclusive of middleman's profit, and that respondents' product possesses high "anti-knock" properties.

Disposition : With consent of respondent, order to cease and desist was entered against William H. Johnson, March 31, 1930, charges against remaining respondents having been dismissed.

**Kelley, James.** ( Complaint No.1610.) Charge : That respondent, engaged in mail-order jobbing business in fountain pens, pencils, and novelties, falsely claims to be manufacturer, stamps the words "14K Waterson," "Iridium;" and "Warranted 14K" on parts of inferior pens, and supplies customers with coupons advertising special prices and with fictitious price tags bearing amounts in excess of those at which products are regularly Sold; thereby deceiving purchasing public into erroneous belief that prices quoted are exclusive of middle man's profits, that respondent's products are the well-known "Waterman" fountain pen with points of Iridium or 14K gold. and that special, reduced prices are being quoted.

Disposition: After trial, supplemented by a stipulation in lieu of further hearings, order to cease and desist was entered April 7, 1930.

**Klein, Max (Klimate-Pruf Manufacturing Co.)** (Complaint No. 1579.) Charge: That respondent, selling waterproofing compounds, roof coatings, and paints, uses the word "manufacturing" in trade name, together with words "manufactured exclusively by," "factory," and/or "warehouse" in advertising matter; thereby deceiving purchasing public into erroneous belief that prices quote are exclusive of middleman's profit.

Disposition : After trial, order to cease and desist was entered September 25, 1929.

**Knitfirm (Inc.)**. (Complaint No. 1592.) Charge: That respondent, selling knitted outerwear for infants and children, falsely claims to be an importer

and manufacturer; thereby deceiving purchasing public into erroneous belief that many of respondent's products are imported and that prices quoted on those of domestic origin are exclusive of middleman's profit.

Disposition: After trial, order to cease and desist was entered April 12, 1930.

**Marietta Manufacturing Co.** (Complaint No. 1686.) Charge : That respondent, engaged in manufacture and sale of a product resembling marble in appearance, but consisting principally of silica sand, uses the trade names "Sanionyx" and "Vitreous Marble," thereby deceiving purchasing public into erroneous belief that respondent's product is onyx or marble.

Disposition: After trial, order to cease and desist was entered May 27, 1930, Commissioner Humphrey dissenting.

**Morris, Charles E** ( Complaint No.1702.) Charge: That respondent, selling fur garments, represents that purchaser, in dealing with respondent, is dealing with a "wholesale manufacturing furrier" always selling at wholesale prices; thereby deceiving purchasing public into erroneous belief that prices quoted are exclusive of middleman's profit.

Disposition: Following respondent's failure to file answer, case was duly considered and order to cease and desist entered December 16, 1929.

**Northwest Tile & Mantle Contractors' Association**, its officers and members. (Complaint No.1764.) Charge : That respondent association, voluntary, unincorporated, composed of members engaged in purchasing and laying tiles, endeavors to prevent the manufacturers from selling to the and mantel contractors in Washing ton and Oregon who are not members of respondent association, except at prices substantially higher than those quoted to members of respondent association, refuses to purchase from manufacturers who do not sell to nonmembers on these terms, refuses to admit to membership those who join merely to obtain the at same prices as those quoted to members of respondent association, and prevents nonmember the contractors from securing or fulfilling contracts by interfering with procuring of necessary labor : thereby tending to hinder and suppress free competition to the prejudice of the public and of respondent's competitors.

Disposition: Respondents not desiring to contest proceedings, order to cease and desist was entered June 26, 1930

**Pan-American Manufacturing Co.** ( Inc.). (Complaint No.1472.) Charge: That respondent, in manufacture and sale of an artificially flavored extract or concentrate, uses trade name "Grapico," together with advertising matter featuring the word "Grape"; thereby deceiving purchasing public into erroneous belief that respondent's products are made from fruit or juice of the grape.

Disposition: After trial, order to cease and desist was entered July 5, 1929.

**Powell, J. A.** (J. A. Powell Co.) (Complaint No.1762.) Charge: That respondent, selling Jewelry to wholesale dealers, circulates false and misleading statements regarding quality and value of his merchandise : thereby deceiving purchasing public into erroneous belief that respondent's Jewelry is of gold or platinum, that the rings are engraved and settings are genuine stones.

Disposition : Respondents not desiring to contest proceeding, order to c ease and desist was entered May 6, 1930.

**Redding, J. Merrell** (Ethyl Gas Co.). (Complaint No. 1778.) Charge : That respondent, selling a fluid mixture designated " Ethyl Gas" a and/or " Ethyl Gas Anti Knock," which possesses no "antiknock" properties, simulates corporate and trade names of Ethyl Gasoline Corporation of New York thereby deceiving purchasing public into erroneous belief that respondent's product is that put out by the Ethyl Gasoline Corporation of New York, which possesses high antiknock properties.

Disposition : With consent of respondent, order to cease and desist was entered May 6, 1930.

**Roaring Spring Blank Book Co.** (Complaint No. 1594.) Charge : That respondent, engaged. in manufacture and sale of School supplies, places on covers of composition books such legends as "200-Page Composition Book," "100-Special Composition Books," "A. S. D. Special, 249 Pages": thereby deceiving purchasing public into enormous belief that books contain as many pages as number on front would indicate.

Disposition : After trial, order to cease and desist was entered November 9, 1929.

**Roark, Noah:** Vest, F red, and Arnold, T., partners, trading as Merchant's Cooperative Advertising Service, W. M. Mason and F. E Phillips. (Complaint No.1534.) Charge: Unfair methods of competition are charged in that respond-

ents, engaged in sale of an advertising service whereby coupons, to be redeemed with silverware are sold to retail dealers to be given to their customers with certain purchases, circulate numerous false and misleading statements regarding the quantity, quality, price, and conditions under which coupons are redeemed; thereby deceiving the retail dealer and the purchasing public into the erroneous belief that the coupons are redeemed free of charge and at the store of the retailer, that portion of the coupon stating that there is a packing charge of 7 cents per 50 coupons (this sum in some instances being equal to the retail price of the silverware) not being shown the retailer, that the silverware is "1847 Rogers," that the retailer is to be given a set of 26 pieces to be inspected before acceptance upon purchase of 1,000 coupons, such set proving to consist of six pieces, sent c. o. d. without opportunity for inspection.

Disposition : After trial, supplemented by a stipulation in lieu of further hearings, an order to cease and desist was entered February 6, 1930.

**Roberts Tailoring Co. (Inc.).** (Complaint No. 1614.) Charge: That respondent, selling men's clothing, uses corporate name of an original and older corporation selling custom-made clothing, and represents that clothing sold by respondent is made in his own factories of 160 per cent wool, in accordance with measurements taken by solicitors; thereby deceiving purchasing public into erroneous belief that respondent's products are made to measurement of 100 per cent wool, by respondent's competitor whose name is simulated.

Disposition : After trial, order to cease and desist was entered May 5, 1930.

**Rockwood Corporation of St. Louis.** (Complaint No. 1536.) Charge : That respondent, manufacturing gypsum blocks, uses the words "lumber," "Rockwood gypsum lumber," and "fireproof," in designating and advertising such blocks; thereby deceiving purchasing public into erroneous belief that respondent's products consist of a commodity sawed from trees or logs, and will resist fire.

Disposition : After trial, order to cease and desist was entered October 14, 1929.

**Selick, C. H. (Inc.).** (Complaint No. 1672.) Charge : That respondent, compounding perfumes and other toilet preparations, uses the words "Paris," "France," and other French words and names to designate products of domestic origin : thereby deceiving purchasing public in to erroneous belief that respondent's products are imported from France.

Disposition: After trial, order to cease and desist was entered February 1, 1930

**Sereda, Joseph P.** (Health Violet Products). (Complaint No. 1695.) Charge : That respondent, selling a so-called violet-ray machine, makes false and misleading statements regarding regular price of machine and its efficacy as a curative for some 80 diseases : thereby deceiving purchasing public into erroneous belief that special, reduced price is being quoted and that respondent's product. has curative properties in common with those possessed by true ultra-violet ray.

Disposition : After a stipulation in lieu of testimony, order to cease and desist was entered December 16, 1929.

**Shakespeare Co.** (Complaint No. 1719.) Charge : That respondent, engaged in manufacture of fishing tackle and sale thereof to mail-order houses and retail dealers, adopted and employs a system for maintenance of uniform resale prices refusing to sell to dealers who do not maintain such prices, thereby tending to hinder and suppress free competition, to the prejudice of the public and of respondent's competitors.

Disposition : After trial, order to cease and desist was entered May 19, 1930. Case now pending in United States Circuit Court of Appeals, Sixth Circuit, on respondent's petition for review of commission's order.

**Shlansky, Philip & Co. (Inc.).** (Complaint No. 1748.) Charge : That respondent, engaged in manufacture and sale of women's garments, uses the word "Silverlamb" in labeling and advertising garments made entirely of other materials; thereby deceiving purchasing public into belief that respondent's products are made of pelts or skins of sheep.

Disposition : Respondents not desiring to contest proceeding, order to cease and desist was entered March 3, 1930.

**Shure, N. Co.** (Complaint No. 1478.) Charge : That respondent, in whole-sale mail-order business, selling, among other things, powders and liquid flavors intended to be converted into beverages by addition of water, uses names of fruits on containers thereof; thereby deceiving purchasing public into erroneous belief that respondent's products are made of juice or fruit indicated.

Disposition: After trial, order to cease and desist was entered July 5, 1929.

**Stransky, J. A. and L. G.** (J. A. Stransky Manufacturing Co.). (Complaint No. 1812.) Charge: That respondents, manufacturing a device designated "Vaporizer and Decarbonizer" for use in automobiles, circulates false and mis-leading statements relative to beneficial results that follow installation of respondents' appliance, such benefits, when accruing, being due to a simple adjustment of other parts of the car when appliance is installed; thereby deceiving purchasing public into erroneous belief that respondents' product increases power of car from 25 to 50 per cent, and cuts gas bills from 25 to 50 per cent.

Disposition: After a stipulation in lieu of testimony, order to cease and desist was entered June 80, 1930.

**Tailor-Made Shoe System** (William Ginsburg and Sam Ginsburg). (Complaint No. 1562.) Charge: Unfair methods of competition are charged in that respondent, engaged in the sale of shoes, circulates numerous false and mis-leading statements to the effect that respondent is a manufacturer with offices in Paris and New York and branches in the principal cities of the United States, and that the shoes he sells are custom made; thereby deceiving the purchasing public into the erroneous belief that respondents operate a number of factories, that the prices quoted are exclusive of the middleman's profit, and that the shoes delivered are made according to the measurements taken by the agents.

Disposition: After trial, order to cease and desist was entered May 12, 1930.

**Temple Anthracite Coal Co.** (Complaint No. 1537.) Charge: Unlawful restraint and monopoly in that respondent, engaged in production and sale of coal, acquired capital stock of Temple Coal Co. and East Bear Ridge Colliery Co., thereby tending to substantially lessen competition, restrain commerce, and create a monopoly, in alleged violation of section 7 of the Clayton Act.

Disposition: After trial, orders to cease and desist and to divest stock was entered March 8, 1930, Commissioner Humphrey dissenting and Commissioner McCulloch filing a memorandum relative to form of the order. Case now pending in United States Circuit Court of Appeals, Third Circuit, on respondent's petition for review of commission's order.

**Hilgers, Margaret**, trading as M. Trilety (Complaint No. 1572.) Charge: That respondent, engaged in the manufacture and sale of orthopedic devices and toilet preparations, including a substance designated "Oro," circulates numerous false and misleading statements relative to the curative properties of the products, thereby deceiving the purchasing public into the erroneous belief that respondent's products will transform crushed, deformed noses into perfect appearing noses, and cause cauliflower ears to lie close to the head.

Disposition: With consent of respondent, an order to cease and desist was entered February 8, 1930.

**United Remedies (Inc.).** (Complaint No. 1593.) Charge: That respondent, selling a compound containing acetate of lead, designated "Kolor-Bak," circulates false and misleading statements relative to nature and characteristics of product; thereby deceiving purchasing public into erroneous belief that product is not a dye, but a hair tonic which will restore original color to gray hair, and that the compound is harmless, never causing deleterious effect to scalp.

Disposition: After trial, order to cease and desist was entered April 7, 1930.

**Universal Lock-Tip Co.** (Gay, Katherine; Gay, Emile W. S., otherwise known as William S. Gay). (Complaint No. 1578.) Charge: Unfair methods of competition are charged in that respondents, engaged in the sale of shoe laces, advertise that the shares of stock in a patent fastener, owned by W. S. Gay individually, for use on the ends of shoe laces, which are alleged to be given free of charge to the purchaser of every pair of shoes sold for \$6.50 and equipped with these laces, but which in reality are paid for by the purchaser of the shoes, will be listed on the New York and Boston Stock Exchanges, and will give the recipient an opportunity to make \$20,000 within the next few months without investment; thereby deceiving the purchasing public into the erroneous belief that the stock is given as a gratuity, that it will be listed and will afford some return.

Disposition: After trial, an order to cease and desist was entered February 4, 1930.

**Val Blatz Brewing Co.** (Complaint No. 1608.) Charge: That respondent, manufacturing malt syrup, all of the ingredients being of domestic origin with exception of small proportion of hops used for flavoring, employs the words "Blatz Bohemian Malt Syrup," and "guaranteed genuine by the Czechoslovakian Government, certificate attached to each bale imported by Blatz," and

uses pictorial representations further suggesting a product from a foreign country; thereby deceiving purchasing public into erroneous belief that respondent's products are imported from Bohemia or Czechoslovakia, or consist entirely of ingredients imported therefrom.

Disposition: After trial, order to cease and desist was entered May 12, 1930.

**Vivaudou, V. (Inc.).** (Complaint No, 1464.) Charge: Unlawful restraint and monopoly in that respondent, engaged in manufacture of perfumes, cosmetics, and other toilet articles, acquired the stock of Alfred H. Smith Co., and further, had Parfumerie Melba (Inc.), the stock of which is owned by respondent, acquire control of Melba Manufacturing Co.; thereby tending to substantially lessen competition, restrain commerce, and create a monopoly in alleged violation of section 7 of the Clayton, Act.

Disposition: After trial, order to cease and desist and to desist was entered April 28, 1930, Commissioner Humphrey dissenting. Case now pending in United States Circuit Court of Appeals, Second Circuit, on respondent's petition for re view of commission's order.

*Numerical list, orders to cease and desist*

Docket

No.	Respondent
1434	Gibbons Knitting Mills (Inc.).
1464	Vivaudou, V. (Inc.).
1472	Pan-American Manufacturing Co. (Inc.).
1478	Shure, N., Co.
1486	American School of Correspondence.
1530	Albany Billiard Ball Co., F. Grote & Hubbell Co. (Inc.), and Portland Billiard Ball Co.
1534	Roark, Noah; Vest, Fred; and Arnold, T., partners (Merchant' Cooperative Advertising Service, Mason, W. M., and Phillips, F. E.).
1536	Rockwood Corporation of St. Louis.
1537	Temple Anthracite Coal Co.
1538	Consolidated Book Publishers (Inc.).
1540	Clarkson, David B., Co.
1542	Cherry Blossoms Manufacturing Co.
1548	Dixie Pecan Growers' Exchange (Inc.).
1554	Clear Sight Spectacle Co. (Ritholz, Messrs. B. D., M. T., S. J., F., and Ante).
1557	American School of Home Economics.
1562	Tailor-Made Shoe System (William Ginsburg and Sam Ginsburg).
1569	Enterprise Furniture Factory and Enterprise Upholstered Furniture Co. (Jacob Woodnick and Philip Wasserman, partners).
1572	Hilgers, Margaret (M. Trilety).
1578	Universal Lock-Tip Co. (Gay, Katherine; Gay, Emile W. S., otherwise known as William S. Gay).
1579	Klein, Max (Kilmate-Pruf Manufacturing Co.).
1591	Glover, Clara Louise, and Bernard Bernard, trading as L. Glover and R. B. Newell.
1592	Knitfirm (Inc.).
1593	United Remedies (Inc.).
1594	Roaring Spring Blank Book Co.
1596	Bush, David V.
1606	Griswold, Graham Griswold Lumber Co.
1608	Val Blatz Brewing Co.
1610	Kelley, James.
1611	Everitt & Graf (Inc.).
1612	Stransky, J. A. and L. G. (J. A. Stransky Manufacturing Co.).
1614	Roberts Tailoring Co. (Inc.).
1672	Selick, C. H. (Inc.).
1674	House, L. J., Convex Glass Co.
1686	Marietta Manufacturing Co.
1690	Anita Institute.
1695	Sereda, Joseph P. (Health Violet Products).
1696	Burton Bros. & Co. (Inc.).
1702	Morris, Charles E.
1707	Abraham, Nathaniel (N. Abraham Co. & Warehouse).
1712	Boal's Rolls Corporation.
1713	Hamilton Garment Co.

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- 1719 Shakespeare Co.  
1720 Johnson, William H., trading as Ethylene Sales Co., and Hathaway & Hamilton, J. Merrell Redding, trading as Ethyl Gas Co., and J. H. Hathaway, trading as American Chemical Co.  
1748 Shlansky, Philip, & Co. (Inc.).  
1762 Powell, J. A. (J. A. Powell Co.).  
1764 Northwest The & Mantle Contractors' Association, its officers and members  
1778 Redding, J. Merrell (Ethyl Gas Co.).  
1781 Espositer Varni Co.

ORDERS OF DISMISSAL

**Aluminum Co. of America.** (Complaint No.1335.) Charge: Unfair methods of competition and price discrimination in that respondent, controlling the sources of supply of aluminum metal and, through its subsidiaries, a large manufacturer of aluminum products, discriminates in price between purchasers of virgin sheet aluminum on basis of agreements that all aluminum scrap resulting from operations of purchasers shall be resold to respondent, thereby tending to substantially lessen competition and create a monopoly, in alleged violation of section 2 of the Clayton Act; and in that respondent fixes prices arbitrarily, makes price concessions, sells below cost; and discriminates against competitors in the quantity and quality of its deliveries to them; thereby un fairly harassing competitors and tending to suppress competition and maintain a monopoly, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: Dismissed after trial, the charges in the complaint not being sustained by the evidence.

**American Association of Advertising Agencies,** American Press Association, and Southern Newspaper Publishers' Association. (Complaint No. 1251.) Charge: That respondents combine and conspire to compel national advertisers to employ respondent agencies or other advertising agencies in placing national advertising in newspapers throughout United States, compelling them to advertise in papers selected by respondents, or to pay maximum gross rates if advertising directly or through newspapers other than those selected, and to prevent said advertisers from advertising directly in said newspapers at minimum net" rates and to compel such advertisers to pay at maximum "gross" rates, employing various cooperative means to effectuate said combination and conspiracy the effect of which is to hinder and obstruct national advertising throughout the United States; to restrict distribution of such advertising, and of the type parts essential thereto, to channels and upon terms and conditions dictated by respondents; to restrict publication of national advertising to newspapers selected and approved by respondents; to compel newspaper publishers to charge for publication of national advertising at maximum gross rates and to prevent them from according minimum net rates to direct advertisers; to compel employment of respondents or other agencies as intermediaries in placing national advertising, or in the alternative to pay for direct advertising at maximum gross rates and in addition thereto prepare and distribute their advertisements at their own expense; and to hinder and obstruct the marketing of goods, wares, and merchandise; thereby tending to restrain distribution of advertising throughout the United States, to the prejudice of the public and of respondents' competitors.

Disposition: Dismissed after trial.

**American Smelting & Refining Works** (Libsitz, Phillip). (Complaint No. 1560.) Charge: That respondent, engaged in mining, smelting, and refining ores, simulates name American Smelting & Refining Co., a competitor having international reputation; thereby tending to deceive purchasing public into erroneous belief that respondent's products are manufactured by American Smelting & Refining Co., and that dealings with respondent are dealings with last-named company.

Disposition: Dismissed after trial.

**Arizona Lumber & Timber Co.** (Complaint No.1660.) Charge (see charge in complaint No.1620, p. 197).

Disposition: Dismissed after trial, without prejudice to right of commission to institute further proceedings in event subsequent methods of competition render it expedient.

**Auburndale Mills (Inc.).** (Complaint No.1717.) Charge: That respondent, engaged in sale of woolen cloth, uses the word "mills" in firm name; thereby deceiving purchasing public into erroneous belief that respondent is a manufacturer and that prices quoted are exclusive of middleman's profit.

Disposition Dismissed after trial, practices charged in complaint not having been sustained by evidence.

**Berry & Sons, and others.** (Complaint No.1669.) Charge (see charge in complaint No.1620, p.197).

Disposition: Dismissed after trial, without prejudice to right of commission to institute further proceedings in event subsequent methods of competition render it expedient.

**Blanke-Baer Extract & Preserving Co.** (Complaint No. 1619.) Charge: That respondent, manufacturing and selling artificially flavored extracts and concentrates for use in compounding soft drinks, uses the words "Lemon Extract" and "Real Lemon Flavor" on labels and in advertising matter, together with a pictorial representation of a lemon cut in half from which drops are falling into a bottle bearing respondent's labels; thereby deceiving purchasing public into erroneous belief that respondent's products are made of the fruit or juice of lemons.

Disposition: Dismissed after trial.

**Bolin, V. T., trading as V. T. Bolin Co.** (Complaint No.1501.) Charge: That respondent, engaged in sale of shares or interests in leased oil lands, circulates false and misleading statements relative to location and value of such lands, and other paying properties owned by respondent; thereby deceiving purchasing public into erroneous belief that respondent's oil land is located in proven territory in close proximity to flowing gushers, and that payment of profits on all investments is guaranteed.

Disposition: Dismissed., respondent having been convicted for violation of criminal statute. prohibiting misuse of mails, upon substantially same facts as set out in the complaint.

**Brooks Rupture Appliance Co. and Brooks Appliance Co.** (Harold C., Ellen J., and Lewis E. Brooks). (Complaint No. 1563.) Charge : That respondent, engaged in sale of a truss through mail orders, makes false and misleading statements to the effect that appliance is a new discovery and will heal rupture without surgical aid; thereby deceiving purchasing public into erroneous belief that appliance differs materially from ordinary truss and possesses therapeutic value.

Disposition : Dismissed, respondent having agreed to discontinue practices charged in the complaint.

**B. Z. B. Knitting Co.** (Complaint No. 1245.) Charge : That respondent, engaged in manufacture and sale of hosiery, uses the words "Fashioned" amid "Full Fashioned" in advertising hosiery not manufactured in accordance with process known as "Fashioned"; thereby deceiving purchasing public into erroneous belief that respondent's products are fitted or formed in process of knitting.

Disposition : Dismissed.

**California Ink Co. (Inc.).** (Complaint No. 1729.) Charge : Unlawful restraint and monopoly are charged in that respondent, engaged in manufacture of printing and lithographing inks, print rollers, and allied products, acquired capital stock of Russell Reed Co.; thereby tending to substantially lessen competition, restrain commerce, and create a monopoly, in alleged violation of section 7 of the Clayton Act.

Disposition : Dismissed after hearing before board of review.

**Calumet Baking Powder Co.** (Complaint No. 1292.) Charge : That respondent, engaged in manufacture and sale of baking powders, conducts misleading tests through house-to-house canvassers which purport to show that baking powder of the Royal Baking Powder Co. tends to cause food made therefrom to form a hard mass in the digestive tract of the consumer, and circulates numerous false and misleading statements concerning Royal Baking Powder Co.; thereby deceiving purchasing public into erroneous belief that products of said company are harmful and that the 6 and 12 ounce containers are used in the expectation that purchaser will believe he is obtaining the one-half pound and pound can, the sizes in which other baking powders are packed, which is to the prejudice of the public and of respondent's competitors.

Disposition: Dismissed without prejudice.

**Cassileth, Schwartz & Cassileth (Inc.),** Joseph Brickner and Julius Bernfeld, partners, trading as Brickner & Bernfeld, Samuel Oldman and Max Oldman,

partners, trading as Oldman Bros. (Complaint No.1382.) Charge That respondent Cassileth, Schwartz & Cassileth., dressing and dyeing Australian and New Zealand rabbit skins on contract for the owners, stamps the trade-mark "Iceland Seal" or "Iceland Beaver" on the back of each skin; thereby placing in the hands of others, including respondent Brickner & Bernfeld, engaged in the distribution of such skins., and respondent Oldman Bros., engaged in the manufacture of garments therefrom, the means of deceiving purchasing public into erroneous belief that such garments are made from pelts of seals or beavers.

Disposition : Dismissed after trial.

**Consolidated Cigar Corporation.** (Complaint No.1451.) Charge : Unlawful restraint and monopoly in that respondent, engaged in manufacture of cigars., acquired capital stock of "44" Cigar Co. and G. H. P. Cigar Co.; thereby tending to substantially lessen competition, restrain commerce, and create a monopoly, in alleged violation of section 7 of the Clayton Act.

Disposition: Dismissed after trial, Commissioner McCulloch filing dissenting memorandum.

**Cordiano Bros. (Inc.)** and W. P. Bernagozzi. (Complaint No. 1687.) Charge : That respondent, Cordiano Bros. (Inc.), engaged in manufacture and sale of tin cans, by and with consent of respondent W. P. Bernagozzi, sells the distinctive container bearing name of last-named respondent and used by him as container for imported Italian olive oil, to distributors of inferior oils; thereby placing in hands of others the means of deceiving purchasing public into erroneous belief that inferior olive oil in such containers is the superior product put out by W. P. Bernagozzi.

Disposition: Dismissed after trial, charges in complaint not having been sustained by evidence.

**Feldbaum & Spiegel (Inc.).** (Complaint No.1380.) Charge : That respondent, manufacturing and selling to dealers garments made of dyed Australian and New Zealand rabbit skins bearing the dyer's trade-mark "Northern Seal," labels the garments made therefrom "Genuine Northern Seal," thereby deceiving purchasing public into erroneous belief that such garments are made of the pelts of seals.

Disposition: Dismissed after trial, respondent having discontinued business.

**Freshman, Charles, Co. (Inc.).** (Complaint No.1706.) Charge : Unlawful restraint and monopoly in that respondent, engaged in manufacture and sale of radio apparatus, acquired capital stock of Freed-Elseman Radio Corporation; thereby tending to substantially lessen competition, restrain commerce, and create a monopoly in alleged violation of section 7 of the Clayton Act.

Disposition : Dismissed.

**General Shale Products Corporation,** Johnson City Shale Brick Corporation, and Kingsport Brick Corporation. (Complaint No. 1682.) Charge : That respondents, manufacturing and selling refractories and building the, have combined in effort to eliminate Arrow Brick Co., a competitor, by circulating derogatory statements as to company's financial status, endeavoring to have his lease canceled, and selling bricks below cost, thereby tending to hinder and suppress free competition to the prejudice of the public and of respondents' competitors.

Disposition : Dismissed after trial, charges in complaint not having been sustained by evidence.

**Hess Lumber Co.** (Complaint No.1622.) Charge (see charge in complaint No.1620, p.197).

Disposition : Dismissed after trial, without prejudice to right of commission to institute further proceedings in event subsequent methods of competition render it expedient.

**Hollander, A., & Son (Inc.),** A. Hollander & Son-Arnold Corporation, and Harry H. Hertz Co. (Complaint No. 1385.) Charge : That respondent A. Hollander & Son, engaged in dressing and dyeing muskrat skins on contract for the owners and respondent, A. Hollander & Son--Arnold Corporation, engaged in dressing and dyeing imported Australian and New Zealand rabbit skins, stamp the trade-mark "Hollander Seal" or "Bay Seal" on the back of each of the skins, thereby placing in the hands of others, including respondent, Harry H. Hertz Co., engaged in manufacture of garments therefrom, the means of deceiving purchasing public into erroneous belief that such garments are made from pelts of seals.

Disposition : Dismissed after trial.

**Horr, Harry.** (Complaint No. 1667.) Charge (see charge in complaint No. 1620, p.197).

Disposition : Dismissed after trial, with out prejudice to right of commission to institute further proceedings in event subsequent methods of competition render it expedient.

**Iona Co.** (Complaint No. 1487.) Charge : That respondent, engaged in manufacture of an electromagnetic device purporting to have curative and therapeutic value and action when applied to the human body, circulates numerous false and misleading statements relative to cures effected by said device and its indorsement by prominent physicians, thereby deceiving purchasing public into erroneous belief that respondent's product is a scientific device highly indorsed by the medical world, and that it possesses therapeutic value.

Disposition: Dismissed, practices having been discontinued as a result of action by Post Office Department.

**Klamath Pine Manufacturing Co.** (Complaint No. 1659.) Charge (see charge in complaint No. 1620, p.197).

Disposition: Dismissed after trial, without prejudice to right of commission to institute further proceedings in event subsequent methods of competition render it expedient.

**Kurns, Henry A.** (Complaint No. 1668.) Charge (see charge in complaint No.1620, p.197).

Disposition: Dismissed after trial, without prejudice to right of commission to institute further proceedings: in the event subsequent methods of competition render it expedient.

**Lincoln Auto and Tractor School (Lincoln Engineering School).** (Complaint No. 1539.) Charge: That respondent; conducting a resident mechanical school which instructs pupils in repairing automotive vehicles, circulates: false and misleading statements relative to regular price of course and tools to be given therewith free of charge, qualifications of the faculty, letters of recommendation received, and positions obtained for graduates; thereby deceiving purchasing public into erroneous belief that special, reduced prices are being quoted; that cost of purported gratuity is not included in price paid for tuition; that a large, well-trained faculty is provided; and that positions carrying high salaries will be obtained for students completing the course.

Disposition : Dismissed after trial.

**McCoy's Laboratories (Inc.).** (Complaint No. 1708.) Charge : That respondent, engaged in sale of a proprietary medicine designated "McCoy's Tablets," circulates false and misleading statements relative to curative properties of product; thereby deceiving purchasing public into erroneous belief that respondent's product has therapeutic properties.

Disposition : Dismissed, respondent having agreed to discontinue practices charged in complaint and not to resume same.

**Mendoza Fur Dyeing Works (Inc.).** ( Complaint No. 1432.) Charge Th at respondent, dressing and dyeing Australian and New Zealand rabbit skins,. dresses pelts to simulate fur of beaver pelts, stamps the words "Mendoza Beaver" on back of each skin, and supplies purchasers thereof with labels similarly marked to attach to garments made therefrom; thereby placing in hands of others the means of deceiving purchasing public into erroneous belief that such garments are made of pelts of beavers.

Disposition : Dismissed after trial.

**Michigan-California Lumber Co.** (Complaint No.1634.) Charge (see charge in complaint No.1620; p. 197).

Disposition : Dismissed after trial, without prejudice to right of commission to institute further proceedings in event subsequent methods of competition render it expedient.

**Morgan Belleek China Co.** (Complaint No. 1670.) Charge: That respondent, manufacturing china ware, uses the word "Belleek" in firm name, and inn designating and describing china of domestic origin ; thereby deceiving purchasing public into erroneous belief that respondent's products are imported from Belleek, Ireland.

Disposition : Dismissed after trial, Commissioner McCulloch filing dissenting memorandum.

**Morgan-Field & Co. (Inc.),** Lester Stern, Michael Heller, and Earl Well. (Complaint No. 1474.) Charge: That respondent individuals incorporated under the name "Morgan-Field & Company, Inc.," circulate false and misleading statements relative to organization and products sold; thereby deceiving purchasing public into erroneous belief that respondents a re identical with

Marshall Field & Co., that the clothing sold is made to measure by union labor, and that a "Guarantee Bond" assures high quality of goods.

Disposition : Dismissed, respondent having discontinued business.

**Myer, Henry, Thread Manufacturing Co.** (Complaint No.1568.) Charge: That respondent, manufacturing thread, uses the word "Subsilk" in advertising matter; thereby deceiving purchasing public into erroneous belief that respondent's product consists in part of silk.

Disposition : Dismissed after stipulation in lieu of testimony.

**Pepsodent Co. (Inc.).** (Complaint No. 1402.) Charge That respondent, engaged in manufacture of a dentifrice designated "Pepsodent," and sale thereof to wholesale and retail dealers, adopted and employs a system for maintenance of uniform resale prices, refusing to sell to dealers who do not maintain such prices, thereby tending to hinder and suppress free competition, to the prejudice of the public and of respondent's competitors.

Disposition : Dismissed after stipulation in lieu of testimony.

**Personal Stationery Corporation of New York.** ( Complaint No. 1684.) Charge: That respondent, engaged in press-printing and in sale of process-printed stationery, uses the words " Embossed and "Engraved" in connection therewith ; thereby deceiving purchasing public into erroneous belief that respondent's products are engraved or embossed.

Disposition: Dismissed after trial, Commissioners Hunt and McCulloch dissenting on ground that order of dismissal is in conflict with former decisions of commission involving process printing.

**Portland Cement Association,** its board of directors, officers, and members. (Complaint No. 1532.) Charge : That respondents, having adopted and promoted use of a formula for making concrete in proportions 1-2-3, endeavor to influence those who control the making, awarding, or approval of road construction contracts by statements discrediting the Vibrolithic method employed by American Vibrolithic Corporation which recommends a mixture of 1-2-4 ½, a formula requiring less cement, proportionately, than that adopted by respondents ; thereby deceiving purchasing public into erroneous belief that the Vibrolithic method is inferior to that in use by respondents.

Disposition : Dismissed for want of jurisdiction.

**Radio Association of America (Inc.).** (Complaint No. 1555.) Charge: That respondent, furnishing correspondence courses of instructions in the art of radio, electricity, and other mechanics incidental thereto, amid dealing in radio sets and accessories incident to aforesaid instruction courses., uses the word "Association" in firm name and in advertising matter and circulates false and misleading statements relative to price of course. free consultation service, equipment, and membership in respondent association, personal supervision by head of the corporation, and the unusual demand for radio operators and mechanics; thereby deceiving purchasing public in to erroneous belief that respondent is an association with organization thus implied, that a special, reduced price is being quoted, that cost of alleged gratuities is not included in price paid for course, amid that lucrative positions are practically assured students completing the course.

Disposition : Dismissed after trial.

**Reifschneider Paint & Glass Co.** (Complaint No. 1716.) Charge That respondent, engaged in selling paint manufactured and labeled for him by Redgeway-Quest Co., buys from jobbers and retailers their supply of competitors' products, substituting his own in lieu of, and sells competitors' goods thus acquired, below cost to respondent and below regular selling price, thereby bringing about a loss to other dealers handling competitors' products and tending to injure competitors.

Disposition : Dismissed.

**Saginaw & Manistee Lumber Co.** (Complaint No. 1061.) Charge (see change in complaint No.1620, p.197).

Disposition : Dismissed after trial, without prejudice to right of commission to institute further proceedings in event subsequent methods of competition render it expedient.

**Shasta View Lumber & Box Co.** (Complaint No. 1653.) Charge (see charge in complaint No.1620, p.197).

Disposition : Dismissed after trial, without prejudice to right of commission to institute further proceedings in event subsequent methods of competition render It expedient.

**Southern Alberta Lumber Co. (Ltd.),** also known as Southern Alberta Lumber & Supply Co. (Ltd.) and H. N. Seruth. ( Complaint No. 1430. ) Charge :

That respondents, engaged in purchase of lumber and sale thereof to dealers, reduce carrying costs by altering bills of lading and other documents issued by producers for material being reshipped, these documents being accepted by shippers as setting forth true amount of shipment and made basis of their bills of lading ; thereby so reducing costs so as to enable respondents to sell lumber at prices below those at which their competitors can make a reasonable profit, and tending to injure competitors who do not resort to fraudulent practices.

Disposition : Dismissed respondent having discontinued business.

**Standard Furniture Factories** (Balmuth, Herman L., and Isadore). (Complaint No.1710.) Charge : That respondents, engaged in sale and distribution of furniture, use the word "Factories" in firm name, thereby deceiving purchasing public into erroneous belief that prices quoted are exclusive of middleman's profit.

Disposition : Dismissed after trial, respondent not having been engaged in interstate commerce.

**Strongfort, Lionel, Institute.** (Complaint No. 1528.) Charge : That respondent, furnishing courses of instruction in physical culture by correspondence, circulates false and misleading statements relative to regular price of course and articles accessory thereto that are purported to be given free of charge, the personal supervision exercised, and results to be expected ; thereby deceiving purchasing public into erroneous belief that a special, reduced price is being quoted, exclusive of price of dumb-bells which are alleged to be given free of charge, that a physician considers each case personally and that the photographs purported to have been taken of pupils do in truth represent respondent's pupils and are illustrative of the development that may be expected.

Disposition : Dismissed after trial, respondent having agreed to discontinue practices charged in complaint.

**Thenonett & Co. (Inc.).** (Complaint No. 1556.) Charge : That respondent, engaged in manufacture of artificially flavored and artificially colored flavors and concentrates, uses the words "Concord Grape," "Peerless Lemon," "Grape Concentrate," "Orange Concentrate (Made from Pure Orange Oil)," and similar terms containing names of other fruits ; thereby deceiving purchasing public into erroneous belief that respondent's products are made from juice or fruit indicated.

Disposition: Dismissed after trial supplemented by stipulation in lieu of further testimony.

**Tim's Cap Corporation.** (Complaint No.1701.) Charge: That respondent, manufacturing caps and selling them to retail dealers, has adopted and employs a system for maintenance of uniform resale prices, refusing to sell to dealers who do not maintain such prices and repurchasing from dealers upon request, all goods remaining unsold at specified prices; thereby tending to hinder and suppress free competition to the prejudice of the public and of respondent's competitors.

Disposition: Dismissed after trial, practices charged in complaint having been discontinued long prior to commission's investigation of matter.

**Wirz & Waidmann (Inc.)** ( United Provision Co.). ( Complaint No.1613.) Charge: That respondent, engaged in manufacture of sausage, sausage meat, and other pork products, uses trade name and dress formerly used by Phillips Bros. & Co., whose good will, firm name, etc., respondent purchased with full knowledge that said company had been directed by Federal Trade Commission to cease and desist from use of a trade name and a trade dress so closely simulating that of Joseph Phillips Co. ; thereby deceiving purchasing public into erroneous belief that respondent's products are those of Joseph Phillips Co.

Disposition : Dismissed.

*Numerical list, orders of dismissal*

Complaint

No.	Respondent
1245	B. Z. B. Knitting Co.
1251	American Association of Advertising Agencies, American Press Association, and Southern Newspaper Publishers' Association.
1292	Calumet Baking Powder Co.
1385	Aluminum Co. of America.
1380	Feldbaum & Spiegel ( Inc. )
1382	Cassileth, Schwartz & Cassileth (Inc.).
1385	Hollander, A., & Son (Inc.).

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- 1430 Southern Alberta Lumber Co. (Ltd.), also known as Southern Alberta Lumber & Supply Co. (Ltd.).
- 1432 Mendoza Fur Dyeing Works (Inc.).
- 1451 Consolidated Cigar Corporation.
- 1462 Pepsodent Co. (Inc.).
- 1474 Morgan-Field & Co. (Inc.).
- 1487 Iona Co.
- 1501 Bolin, V. T., trading as V. T. Bolin Co.
- 1528 Strongfort, Lionel, Institute.
- 1532 Portland Cement Association.
- 1539 Lincoln Auto and Tractor School (Lincoln Engineering School).
- 1555 Radio Association of America (Inc.).
- 1556 Theonett & Co. (Inc.).
- 1560 American Smelting & Refining Works.
- 1563 Brooks Rupture Appliance Co. and Brooks Appliance Co.
- 1568 Myer, Henry, Thread Manufacturing Co.
- 1613 Wirz & Waidmann (Inc.) (United Provision Co.).
- 1619 Blanke-Baer Extract & Preserving Co.
- 1622 Hess Lumber Co.
- 1634 Michigan-California Lumber Co.
- 1653 Shasta View Lumber & Box Co.
- 1659 Klamath Pine Manufacturing Co.
- 1660 Arizona Lumber & Timber Co.
- 1661 Saginaw & Manistee Lumber Co.
- 1667 Horr, Harry.
- 1668 Kurns, Henry A.
- 1669 Berry & Sons, and others.
- 1070 Morgan Belleek China Co.
- 1682 General Shale Products Corporation, Johnson City Shale Brick Corporation, and Kingsport Brick Corporation.
- 1684 Personal Stationery Corporation of New York.
- 1687 Cordiano Brothers (Inc.) and W. P. Bernagozzi.
- 1701 Tim's Cap Corporation.
- 1706 Freshman, Charles, Co. (Inc.).
- 1708 Mccoy's Laboratories (Inc.).
- 1710 Standard Furniture Factories (Balmuth, Herman L. and Isadore).
- 1716 Reifschneider Paint & Glass Co.
- 1717 Auburndale Mills (Inc.).
- 1729 California Ink Co. (Inc.).

## COMPLAINTS PENDING JULY 1, 1930

[Except where otherwise designated, the charges in each of the following cases concern unfair methods of competition in alleged violation of section 5, Federal Trade Commission act.]

**Abrams, Irving A.**, trading as Globe Scientific Co. (Complaint No.1711.) Charge: That respondent, engaged in sale of merchandise through mail orders, uses the words "Illinois Watch Case Company" and "Elgin, U. S. A.," on the straps of wrist watches not manufactured by the Illinois Watch Case Co., and circulates false and misleading statements regarding sales and free goods; thereby deceiving purchasing public into erroneous belief that respondent is selling Elgin watches, is quoting special, reduced prices, and is giving gratuities the cost of which are not included in the price paid by the purchaser for the merchandise with which they are alleged to be given free of charge.

Status : Awaiting completion of service.

**Adams, Charles F. (Inc.)**. (Complaint No. 1812.) Charge (see charge in No.1789, p.198).

Status : At Issue.

**Advance Candy Co. (Inc.)**. (Complaint No.1792.) Charge : That respondent, engaged in manufacture of candy and sale thereof, together with explanatory display cards, to wholesale dealers and jobbers, distributes an assortment consisting of wrapped pieces of candy to be sold at 1 cent each, and larger pieces of candy to be given as prizes to the purchaser of last piece of candy in assortment and to purchaser who by chance selects a piece having concealed within wrapper a printed slip of paper stating that purchaser thereof is entitled to a 5-cent package of candy as a prize ; thereby supplying and placing in hands of others means of conducting a lottery, and tending to injure competitors who do not make provision for the disposal of their products by such means.

Status : At Issue.

**Aetna Fire Brick Co.** and 55 other fire-brick manufacturing companies, Brooks, J. J., jr., Donahoe, Frederick W., Hopwood, H. H., and McKinley, J. M. (Complaint No. 1527.) Charge: That respondents, engaged or interested in the business of manufacturing and selling refractories or fire-brick shapes made of fire clay and/or silica, entered into a combination to establish sizes of base brick, uniform methods of compiling sizes of refractories and base brick equivalents, uniform prices, terms, and methods of sale ; thereby tending to hinder and suppress free competition, to the prejudice of public and of respondents' competitors.

Status : At Issue.

**Agmel Corporation**. (Complaint No.1766.) Charge : That respondent, engaged in the importation and sale of a preparation designated "Agmel" manufactured by its subsidiary, the Agave Co. in Mexico, from the sap of then maquey plant, circulates false and misleading statements to the effect that "Agmel" is a tonic and is effective in treatment of many diseases ; thereby deceiving purchasing public into erroneous belief that respondent's product possesses therapeutic properties.

Status : Awaiting answer.

**Algoma Lumber Co.** (Complaint No.1654.) Charge (see charge in complaint No.1620, p.197).

Status : Awaiting respondent's brief.

**American Business Builders (Inc.)**, Ostrander, W. M., and Moyle, Seth. (Complaint No. 1680.) Charge: That respondent, furnishing courses of instruction by correspondence in salesmanship, circulates numerous false and misleading statements relative to a subscription to a magazine and a course of lectures, which are in fact text from a book entitled "Practical Real Estate Methods," alleged to be given by prominent real estate experts, which respondent alleges to be a gratuity, a money-back bond alleged to be given in case of dissatisfaction on the part of the student, and incomes received by

graduates; thereby deceiving purchasing public into erroneous belief that cost of purported gratuities is not included in price paid for course, that refund of purchase price in case of dissatisfaction is guaranteed by a bond, and that a graduate is qualified as a real estate expert and in a position to receive a yearly income of not less than \$5,000.

Status : Awaiting briefs.

**American Candy Co.** (Complaint No.1807.) Charge (see charge in complaint No. 1789, p.198).

Status : At issue.

**American Caramel Co. (Inc.)**. (Complaint No. 1806.) Charge : That respondent, engaged in manufacture of candy and sale thereof, together with explanatory display cards, to wholesale dealers and jobbers, distributes an assortment consisting of wrapped candies to be sold at 5 cents each, and articles of merchandise to be given as prizes to purchaser of last piece of candy in assortment and to purchaser who by chance selects a piece containing a slip concealed within wrapper, stating that a prize is to be given with that piece of candy; thereby supplying and placing in the hands of others the means of conducting a lottery, and tending to injure competitors who do not make provision for the disposal of their products by such means.

Status : At issue.

**American Institute of Mentalism**, trading as Segno, A. Victor, Segno, A. D., Segno Success Club, and American Institute and Life Culture Association, Robinson, Mrs. A. D., and Robinson, H. T. (Complaint No.1851.) Charge : That respondents engaged in sale and distribution under the nom de plume "A. Victor Segno" of various books and pamphlets prepared by one Albert J. Hall, organizer of American Institute of Mentalism and certain charms or talismans designated as "Lucky Sheckles," which are manufactured in United States, organized "Success Club," ostensible purpose of which is to enlist a number of members upon payment of a fee of \$1 to extend their mental influence to each other to create conditions necessary to promote success, use combination offers of memberships with opportunity to purchase literature and procure a talisman, which is purported to be a rare piece used in Palestine in the year 1391 B. C., and to cost ordinarily from \$5 to \$15, many of which are in possession of lucky stars in the motion-picture world ; thereby deceiving purchasing public into erroneous belief that these talismans are rare pieces with a capacity for bringing good luck, that pictures depicting motion-picture stars as possessor's of said lucky sheckles are used by and with their consent, and that membership in the " Success Club" will promote their well-being.

Status : Awaiting answer.

**American Poultry School and Quisenberry, T. E.** ( Complaint No. 1508. ) Charge : That respondents, furnishing correspondence courses of instruction in poultry culture, circulate false and misleading statements relative to regular price charged for course, and the giving of baby chicks free of charge; thereby deceiving purchasing public into erroneous belief that a special, reduced price is being quoted and that cost of alleged gratuity is not included in price paid for course.

Status :a Before commission for final determination.

**American Radium Products Co.** (Neil M. Jones and Robert D. Emery, partners). (Complaint No. 1752.) Charge : That respondents, engaged in manufacture and sale of earthenware water jars purported to be lined with radium ore, circulate false and misleading statements to the effect that water remaining in the jug 24 hours will possess a degree of radio activity sufficient to make it of a quality equal to that of the famous "Well of Beauty" at Donje Bodne, Turkey, causing it to possess curative value in approximately 40 diseases ; thereby deceiving purchasing public into erroneous belief that jars possess therapeutic properties.

Status : At issue.

**Amusement Novelty Supply Co.** (Max Kenner and Samuel Graubark, partners). (Complaint No.1763.) Charge: That respondents, engaged as jobbers in sale of novelties such as knives, toilet sets, pocketbooks, field glasses, and Imitation jewelry, circulate false and misleading statements regarding quality of their merchandise; thereby deceiving purchasing public into erroneous belief that respondents' merchandise consists of genuine amber, Ivory articles, cameos, and precious stones.

Status : At issue

**Armand Co. (Inc.)**, its officers and agents ; Spurlock-Neal Co., Berry, DeMerville & Co., Robinson-Pettet Co., Lamar & Rankin Drug Co., Greiner

Kelly Drug Co., the J. W. Crowds Drug Co., San Antonio Drug Co., Western Wholesale Drug Co., Fuller-Morrison Co., Humiston, Keeling & Co., Peter van Schaack & Sons, the McPike Drug Co., Faxon-Gallagher Drug Co., J. S. Merrell Drug Co., A. M. Berry, A. D. Berry, F. S. Berry, W. D. Phillips, M. P. Williams, partners trading as Berry, De Merville & Co., The Fair (Inc.), E. H. Cone (Inc.), T. C. Marshall (Marshall's Pharmacy), Clarence E. Jeffares and Malcolm J. Long (Jeffares-Long Drug Co.), Owl Drug Co. (Inc.), (Complaint No.1329.) Charge : That respondent, Armand Co., engaged in manufacture of toilet articles and cosmetics, adopted and employs, together with respondent wholesalers and dealers, a system for maintenance of uniform resale prices, refusing to sell to dealers who do not maintain such prices ; thereby tending to hinder and suppress free competition, to the prejudice of the public and of respondents' competitors.

Status : In course of trial.

**Armour & Co. and Armour & Co. of Delaware.** (Complaint No.1423.) Charge:

That respondents, engaged in manufacture of soaps, use the words "Imported," "Dona Castile," "Stork Castile," "Carrara Sapon Catiglia," and "Broadway Bath Olive Castile," in labeling and advertising soap consisting in substantial part of vegetable oils and animal fats, in some instances to the practical exclusion of olive oil ; thereby deceiving purchasing public into erroneous belief that certain of respondents' products are imported, and that all of the soap labeled "Castile" consists in preponderant part of olive oil.

Status : On suspense calendar to await decision of court of last resort in Docket 1110, in matter of James S. Kirk & Co.

**Arnold Stone Co. (Inc.).** (Complaint No.1732.) Charge : That respondent, engaged in manufacture and sale of artificial products for use as substitutes for natural stone in architectural work, uses the word "Stone" in corporate name, and the words "Stone," "Marble," and "Granite," in advertising matter ; thereby deceiving purchasing public into erroneous belief that respondent's product is stone in the natural state.

Status : Before commission for final determination.

**Arrow-Hart & Hegeman (Inc.)** and Arrow-Hart & Hegeman Electric Co. (Complaint No.1498.) Charge : Unlawful restraint and monopoly are charged in that respondent, Arrow-Hart & Hegeman (Inc.), engaged in manufacture of electric wiring devices, acquire share capital of Hart & Hegeman Manufacturing Co. and Arrow Electric Co., thereby tending to substantially lessen competition, restrain commerce, and create a monopoly, in alleged violation of section 7 of Clayton Act.

Status : At issue.

**Artloom Corporation, trading as Artloom Rug Mills.** (Complaint No.1675.) Charge: That respondent, engaged in manufacture and sale of rugs, tapestries, etc., advertises and labels certain of said rugs as "Wilton" rugs; thereby deceiving purchasing public into erroneous belief that such rugs are manufactured by same process and have same characteristics as the well-known Wilton rug.

Status : Awaiting briefs.

**Asbestos Shingle, Slate & Sheathing Co.** (Complaint No.1683.) Charge: That respondent, engaged in manufacture and sale of roofing material, uses the term "Ambler Asbestos Building Lumber" to designate a product composed of asbestos (15 per cent) and cement, and represents said "Building Lumber" to be "Absolutely Indestructible," "Absolutely Fireproof" and composed of slate, and circulates exaggerated, derogatory statements as to lack of durability of the ordinary cedar, cypress, or redwood shingles; thereby deceiving purchasing public into erroneous belief that respondent's products consist in substantial part of asbestos or slate, that they are absolutely fireproof and indestructible, and are far superior to other shingles in every way, and tending to injure competitors who sell cedar, cypress, or redwood shingles.

Status: At issue on amended complaint.

**Associated Knitting Mills Outlet Co. (Inc.).** (Complaint No.1783.) Charge :

That respondent, engaged in sale of hosiery, lingerie, sweaters, blankets, etc., uses words "Knitting Mills" in firm name, and on display signs in front of retail establishment, and advertises "Buy Direct From the Mill and Save"; thereby deceiving purchasing public into erroneous belief that respondent is a manufacturer and that prices quoted are exclusive of middleman's profit.

Status: At issue.

**Aviation Institute of U. S. A. (Inc.).** (Complaint No. 1834.) Charge : That respondent, engaged in furnishing a correspondence course of instruction in

aviation, uses the letters "U. S. A." In corporate and trade names In conjunction with a depiction of wings and shields in simulation of insignia in use by United States, makes frequent use of word "Lieutenant" and frequent references to officials in Army and Navy Air Service, and indorsement of Army and Navy officials ; thereby deceiving purchasing public into erroneous belief that respondent is officially connected with United States Government and that course furnished has indorsement of Federal Government.

Status : At Issue.

**Badger Candy Co.** (Complaint No. 1841.) Charge : That respondent, engaged in manufacture of candy and sale thereof, together with explanatory display cards, to wholesale and retail dealers and jobbers, with pieces of candy and certain other pieces of merchandise to be given as prizes to purchaser of last piece of candy in assortment and to purchaser who by chance selects a piece bearing the word "Winner" stamped thereon ; thereby supplying and placing in the hands of others the means of conducting a lottery, and tending to injure competitors who do not make provision for disposal of their products by such means.

Status : Awaiting answer.

**Bailey Radium Laboratories (Inc.),** and William J. A. Bailey. (Complaint No.1756.) Charge : That respondent, engaged in manufacture and sale of a medical preparation composed of water and radium ore, and/or mesothorium salt, designated "Radithor," made by diluting a concentrated radioactive fluid purchased from United States Radio Corporation with distilled water, use the word "Laboratories" in firm name, and circulate false and misleading statements to the effect that the product is the result of 30 years of scientific research and has been effective in treatment of approximately 160 diseases, that the alpha radium ray which is present in large quantities in "Radithor" is not destructive, and that numerous books and pamphlets citing successful use of "Radithor" have been published ; thereby deceiving purchasing public into erroneous belief that product is made according to a special scientific formula, that it is not dangerous to use, that the booklets and pamphlets are published by persons other than respondent Bailey and that medicinal preparation possesses therapeutic properties.

Status : At issue.

**Bates, W. H.,** trading as Central Fixation publishing Co; (Complaint No. 1673.) Charge : That respondent, engaged in publication of a book designated "Perfect Sight Without Glasses," circulates false and misleading statements relative to what may be accomplished by discarding spectacles and practicing the method of eye training set forth in the publication ; thereby deceiving purchasing public into erroneous belief that respondent's book sets forth a new method of eye training which will cure practically every known eye trouble, including partial blindness.

Status : In course of trial.

**Belline, L. A.** ( Cooperative Book Co.). ( Complaint No.1551.) Charge : That respondent, engaged in sale of books, advertises an encyclopedia designated "The American Reference Library," sold by Perpetual Encyclopedia Corporation under name of "The Source Book," as a new publication, and circulates numerous false and misleading statements relative to educators compiling it, regular price of the books and cost of then extension service ; thereby deceiving purchaser into erroneous belief that encyclopedias were recently compiled by well-known educators and are kept up to date by extension service, that price quoted is in some instances a special introductory offer and insures receipt of book and extension service for one year, and that a limited number of books are given free of charge to school-teachers for purpose of introducing them into school system.

Status : At issue.

**Ben-Burk (Inc.).** (Complaint No.1775.) Charge : That respondent, engaged in sale of malt products, some of which consist of one-eighth or one-ninth of Imported hops, to wholesale dealers for making home-brew beverages, uses labels bearing the words "German Maid," "Dutch Maid," "Kronprinz," "Mierlenof," and "Imported," and solders upon lids of containers a brass diamond bearing the stamp of a German iron cross, on which are the words "Gott mit Uns, 1870" and "Imported Hop Flavor " ; thereby deceiving purchasing public Into erroneous belief that respondent's products are imported.

Status : Awaiting trial.

**Benedict Stone (Inc.).** (Complaint No.1692.) Charge : That respondent, en-gaged in manufacture and sale of a composition block used for building per-

poses, used the words "Stone" and "Benedict Stone" to designate and describe same; thereby deceiving purchasing public into erroneous belief that respondent's product is stone in its natural state.

Status : On suspense, pending outcome of proceedings in Docket 1732, in matter of Arnold Stone Co.

**Berliner, Edwin E.,** Burton, Frederick A., and Hochheimer, Lawrence, partners' (Edwin E. Berliner & Co.). (Complaint No. 1731.) Charge : That respondents, engaged in converting cotton goods and rayon mixtures, and in sale thereof to manufacturers and retail dealers, use the trade name "Lyksilk" on labels and in advertising matter descriptive of a cotton fabric possessing a high luster ; thereby deceiving purchasing public into erroneous belief that respondents' product is made of silk.

Status : Awaiting final argument.

**Bethlehem Steel Corporation,** Bethlehem Steel Co., Bethlehem Steel Bridge Corporation; Lackawanna Steel Co., Lackawanna Bridge Works Corporation, Midvale Steel & Ordnance Co., and Cambria Steel Co. (Complaint No.962.) Charge: That respondent, Bethlehem Steel Corporation, acquired properties, assets, and business of remaining respondents and their subsidiaries; thereby tending to substantially lessen competition, contrary to public policy expressed in section 7 of Clayton Act, and to restrain trade contrary to public policy expressed in sections 1 and 3 of Sherman Act in alleged violation of section 5 of Federal Trade Commission act.

Status : In course of trial.

**Big Lakes Box Co.** (Complaint No.1647.) Charge (see charge in complaint No.1620, p.197).

Status : Awaiting respondent's brief.

**Billings-Chapin Co.** (Complaint No.1733.) Charge : That respondent, engaged in manufacture and sale of paints and varnishes, uses labels bearing the words "USN Varnish" and "USN Deck Paint," etc., together with a depiction of a United States battleship, the navy colors, and marine scenes ; thereby deceiving purchasing public into erroneous belief that respondent's products are manufactured in accordance with Government specification.

Status : At issue.

**Black & Yates (Inc.),** (Complaint No.1736.) Charge: That respondent, engaged in sale of lumber to lumber dealers and furniture manufacturers, designates this lumber as mahogany and/or Philippine mahogany ; (hereby deceiving purchasing public into erroneous belief that respondent's product and articles made therefrom consist of wood derived from trees of mahogany family.

Status : In course of trial.

**Black, Frank W.,** Howton, Walter, and Leonhart, Max (Frank W. Black & Co. and Griffiths Engraving Co.). (Complaint No. 1697.) Charge : That respondent, engaged in process printing and sale of stationery printed by a process designated "Mi-Process," use the word "Engraving" in connection therewith ; thereby deceiving purchasing public into erroneous belief that respondent's product is engraved.

Status : Testimony closed : awaiting examiner's report.

**Blackhawk Candy.** (Complaint No.1791.) Charge (see charge in complaint No.1785, p. 200).

Status: At issue.

**Blair Bros. Lumber Co.** (Complaint No. 1665.) Charge (see charge in complaint No. 1620, p. 197).

Status : Awaiting respondent's brief.

**Blanton Co.** (Complaint No. 1558. ) Charge: That respondent, engaged in manufacture of butter substitutes or oleomargarine, containing no cream in some brands and in other brands less than 5 per cent cream, uses the words "Creamo," "Creamaid," "Blanton Creamo, Churned In Cream," and "Blanton Creamo Nut Butter" on labels and in advertising matter ; thereby deceiving purchasing public, into erroneous belief that respondent's products are what is properly designated creamy butter.

Status : In course of trial.

**Bledon-Dun Co.** (Complaint No.1703.) Charge : That respondent, sometimes trading as "The Vi-Tex Co.," engaged in manufacture and sale of electric generators designated "Violetta" for use in the treatment of diseases, circulates false and misleading statements regarding regular price of appliance, free goods given therewith, and its efficacy as a curative for some 86 ailments, thereby deceiving purchasing public into erroneous belief that respondent's product possesses curative properties in common with those possessed by the true violet-ray machine, and that a special, reduced price is being quoted.

Status: At issue.

**Bossert, Louis, & Sons (Inc.).** (Complaint No.1735.) Charge (see charge In complaint No.1734, p. 209).

Status: In course of trial.

**Breece, George E., Lumber Co.** (Complaint No.1663.) Charge (see charge In complaint No.1620, p.197).

Status: Awaiting respondent's brief.

**Breitbart Institute of Physical Culture (Inc.).** (Complaint No. 1609.) Charge: That respondent, engaged in furnishing courses of instructions by correspondence In physical culture, circulates false and misleading statements relative to the regular price of the course, its supervision by Seigmund Breitbart and a council of athletes, and depictions purporting to show development; thereby deceiving purchasing public into erroneous belief that the founder, Seigmund Breitbart, is still alive and directing the instruction with the aid of a council consisting of seven prominent athletes, that the pictures are in fact illustrative of development, and that special reduced prices are being quoted.

Status: In course of trial.

**Boston, Bradley (Inc.).** (Complaint No.1847.) Charge: That respondent engaged in sale of merchandise direct to purchaser by mail, uses the words "Wholesale Jewelers and Manufacturers" in catalogues, and uses the words Gem," "Ruby." "Sapphire," "Silverware," "Ivorette," "Carved" and "Engraved" to designate articles that are not as represented; thereby deceiving purchasing public into erroneous belief that respondent's products are precious stones, sterling silver, leather goods, ivory articles, and are carved and engraved as indicated in catalogue, and that prices quoted are exclusive of middleman's profits.

Status: Awaiting answer.

**Braymill White Pine Co.** (Complaint No. 1657.) Charge (see charge In complaint No.1620, p.197).

Status: Awaiting respondent's brief.

**Brooks, T. E** (T. E Brooks & Co.). (Complaint No.1442.) Charge: That respondent, engaged In manufacture of cigars in State of New York, uses the words " Havana Sweets" on cigar bands and containers; thereby deceiving purchasing public into erroneous belief that respondent's product is made of tobacco grown on island of Cuba.

Status: At issue.

**Bunte Brothers (Inc.).** (Complaint No.1811.) Charge (see charge In complaint No.1789, p.198).

Status: At issue.

**Cadwallader-Gibson Co. (Inc.).** (Complaint No.1744.) Charge (see charge in complaint No.1736, p.186).

Status: In course of trial.

**Cady Lumber Corporation.** (Complaint No.1662.) Charge (see charge In complaint No. 1620, p. 197).

Status: Awaiting respondent's brief.

**California Door co.** (Complaint No.1630.) Charge (see charge in complaint No.1620, p. 197).

Status: Awaiting respondent's brief.

**California Fruit Exchange.** (Complaint No.1626.) Charge (see charge in complaint No.1620, p.197).

Status: Awaiting respondent's brief.

**California-Oregon Box & Lumber Co.** (Complaint No. 1658.) Charge (see charge in complaint No.1620, p.197).

Status: Awaiting respondent's brief.

**California Preserving Co. (Inc.).** (Complaint No.1726.) Charge: That respondent, engaged in sale of preserves, canned fruits, pickles, seafood, etc., to retail dealers, simulates corporate name, order blanks, labels, etc., of Borden California Products Co., claiming either to be in employ of said company and showing pictures to that effect, or claiming to have acquired same; thereby deceiving purchasing public Into erroneous belief that respondent's goods are identical with those sold by Borden California Products Co.

Status: Awaiting respondent's brief.

**Canada's Pride Products Co. (Inc.),** formerly International Products Co. (Complaint No. 1843.) Charge: That respondent, engaged in sale of malt sirups to wholesale grocers and chain stores, uses the word " Canada" both In firm and trade names, and a' depiction of the map of Canada on labels and in advertising matter descriptive of malt sirup manufactured in the United

States; thereby deceiving purchasing public into erroneous belief that sirups or ingredients thereof are imported from Canada.

Status: Awaiting answer.

**Casoff, L. F.**, trading as Central Paint & Varnish Co., Central Shellac Works, and Cumberland Paint Works. (Complaint No.1698.) Charge: That respondent, engaged in manufacture and sale of paint, uses the words "Lead," "Zinc," "Linseed Oil," "Purest Paint," and "100% Pure," in labeling and advertising products containing inferior substitutes, thereby deceiving purchasing public into erroneous belief that respondent's products consist in substantial part of the ingredients designated.

Status: At issue.

**Castle Crag Lumber Co.** (Complaint No. 1623.) Charge (see charge in complaint No.1620, p.197).

Status: Awaiting respondent's brief.

**Charms Co.** (Complaint No. 1800.) Charge (see charge in complaint No. 1785, p.200).

Status: At issue, commission to Issue findings and order to cease and desist, which respondent will obey if case involving methods of competition similar to those used by respondent be affirmed by a United States court.

Chatham Manufacturing co. (Complaint No. 1777.) Charge: That respondent, manufacturing blankets consisting of from 5 per cent to 70 per cent wool, with less than 50 per cent for the most part, and sale thereof to Jobbers and wholesale dealers, uses picture of three sheep in an oval as a trade-mark, and advertises and labels products as "Part Wool," "Wool and Cotton," and "Wool Mixed"; thereby deceiving purchasing public into erroneous belief that respondent's products consist in substantial part of wool.

Status: At issue.

**Chicago Warehouse Lumber Co.** (Complaint No.1742.) Charge (see charge in complaint No.1736, p.186).

Status: In course of trial.

**Chiloquin Lumber Co.** (Complaint No.1655.) Charge (see charge in complaint No.1620, p.197).

Status: Awaiting respondent's brief.

**Cincinnati Soap Co.** (Complaint No.1425.) Charge: That respondent, engaged in manufacture of soaps, uses the words "Purity Castile," "Crown Castile," "Olive Castile," and "Fontaine Castile," in labeling and advertising soap consisting in substantial part of vegetable oils and animal fats, in some instances to the exclusion of olive oil; thereby deceiving purchasing public into erroneous belief that respondent's products consist in preponderant part of olive oil.

Status: At issue.

**Citrus Products Co.** (Complaint No.1700.) Charge: That respondent, engaged in manufacture and sale of concentrates, uses the trade names "Blue Bird," and "Orangekist" together with descriptive material containing the words "Grape" and "Orange," on labels and in advertising matter descriptive of products simulating the fruit indicated in odor, flavor, and appearance, but not consisting of the fruit in substantial quantity; thereby deceiving purchasing public into erroneous belief that respondent's product is a fruit drink.

Status: At issue.

**Clark, D. L., Co.** (Complaint No.1797.) Charge (see charge in complaint No.1785, p.200).

Status : u At issue, commission to issue findings and order to cease and desist, which respondent will obey if case involving methods of competition similar to those used by respondent be affirmed by a United States court.

**Cliquot Club Co.** (Complaint No. 1819.) Charge: That respondent, engaged in manufacture of ginger ale and sale thereof to wholesale dealers, circulates through mediums of newspapers, radio broadcasting, labels, etc., statements to effect that respondent's product has been aged six months in the making and that unless so aged, ginger ale is unripe, green, and injurious; thereby deceiving purchasing public into erroneous belief that respondent's product has been aged six months in the making and is thus superior to any other brand of ginger ale.

Status: Awaiting trial.

**Clover Valley Lumber Co.** (Complaint No.1621.) Charge (see charge in complaint No.1620, p.197).

Status: Awaiting respondent's brief.

**Cohen, Goldman & Co. (Inc.).** (Complaint No. 1754.) Charge: That respondent, engaged in manufacture of men's clothing and sale thereof to wholesale and retail dealers, has adopted and employs a system for maintenance of uniform resale prices, refuses to sell to dealers who do not maintain same, and to wholesalers supplying retailers who do not maintain same; thereby tending to hinder and suppress free competition to the prejudice of the public and of respondent's competitors, in alleged violation.

Status: At issue.

**Colgate-Palmolive-Peet Co.** (Complaint No.1536.) Charge: That respondent, engaged in manufacture of soap and soap powder and sale thereof to whole-sale and retail dealers, labels and advertises a soap that at the time of sale to the public contains not more than 1 per cent of naphtha by weight, as "Sea Foam Naphtha Soap Powder," "Sea Foam Naphtha Powder," "Feet's White Naphtha Soap," and "Peet's A-B Naphtha Soap," and uses in connection therewith the phrase "A Chemical Union of Ammonia and Naphtha"; thereby deceiving purchasing public into erroneous belief that respondent's products contain a substantial amount of naphtha

Status: At issue.

**Continental Steel Corporation.** (Complaint No.1589.) Charge: Unlawful restraint and monopoly in that respondent, engaged in rolling and fabricating steel sheets, acquired stock of Superior Sheet Steel Co. and Chapman Price Steel Co.; thereby tending to substantially lessen competition restrain commerce, and create a monopoly, in alleged violation of section 7 of Clayton Act.

Status: At issue.

**Cooke, L. L., School of Electricity.** (Complaint No.1603.) Charge: That respondent, engaged in furnishing courses of instructions by correspondence in practical electricity, circulates numerous false and misleading statements relative to regular price of course, and accessories thereto, alleged to be given free of charge, personal supervision given, and salaries earned by graduates; thereby deceiving purchasing public into erroneous belief that special, reduced prices are being quoted, the cost of purported gratuities is not included in price paid for course, that head of school gives personal and direct instructions, and that graduates may expect to earn from \$3,000 to \$10,000 a year.

Status: Before the commission for final determination.

**Coty (Inc.).** (Complaint No.1688.) Charge: That respondent, engaged in the packing of toilet preparations imported from France and in the distribution thereof to wholesale and retail dealers, has adopted and employs a system for the maintenance of uniform resale prices, refusing to sell to dealers who do not maintain such prices, and furnishing the names of such dealers to cooperating distributors, thereby tending to suppress free competition to the prejudice of the public and of respondent's competitors, in alleged violation of section 5 of the Federal Trade Commission act.

Status: At issue.

**Cox, C. N.** (Norton Institute). (Complaint No.1581.) Charge: That respondent, furnishing correspondence courses to qualify pupils for positions in various departments of the Government, uses the word "Institute" in trade name, naming one C. H. Norton as president, quotes fictitious prices as regular prices, publishes fictitious indorsement and inserts spurious " Help Wanted" advertisements in the newspapers, thereby deceiving purchasing public into erroneous belief that respondent conducts an institute, with officers and an organization such as Is associated with an institute; that the course is indorsed as being adequate for purpose specified; that special, reduced prices are being quoted; and that respondent's activities are such as to demand a constantly increasing force.

Status: Awaiting respondent's brief.

**Crancer, L. A., and Fleischman, G. B.,** partners, trading as Allegheny Tube & Steel Co., Coupling Manufacturing Co., Erie Iron & Tube Co., Illinois Steel Products Co., Westinghouse Union Co., Pittsburgh Malleable Fittings Co., and Plumbers National Supply Co. (Complaint No.1848.) Charge: That respondents, engaged In sale of pipe fittings and In manufacture of same on a limited scale in name of one company only, use a number of firm names, each firm being ostensibly an independent company with fictitious names listed as officers and each name resembling somewhat the name of a large, well-known corporation engaged in manufacture and sale of pipe fittings whose address is in some instances placed on respondents' price list, arrangements having been previously made for forwarding of all mail sent to such address as a result of this misrepresentation ; simulate competition among pseudo independents by

circulating price lists in name of each company, with different price ranges; sell old material as new; and represent each firm as a manufacturer; thereby deceiving purchasing public into erroneous belief that free competition exists among the firms; that they represent in some manner the well-known corporations whose names they simulate; that merchandise offered for sale is new, and that prices quoted are exclusive of middleman's profit.

Status: Awaiting answer.

**Crosse & Blackwell**, a corporation of London, England, and Crosse & Blackwell, a corporation of Baltimore, Md. (Complaint No.1821.) Charge: That respondents, engaged in manufacture and sale of marmalades, jams, etc., distribute through the Baltimore corporation products manufactured by that company as well as those manufactured by the London corporation, using same style of label for all of the products, which does not indicate that any of them are of domestic manufacture ; thereby deceiving purchasing public into erroneous belief that any product identified by the Crosse & Blackwell label is an imported product.

Status: Awaiting trial.

**Crown Overall Manufacturing Co.** (Complaint No. 1676.) Charge: Un lawful restraint and monopoly in that respondent, engaged In manufacture and sale of working garments, acquired stock of Larned Carter & Co. (Inc.); thereby tending to substantially lessen competition, restrain commerce, and create a monopoly, in alleged violation of section 7 of the Clayton Act.

Status: At issue.

**Curtis Candy Co.** (Complaint No.1699.) Charge: That respondent, engaged in manufacture of candy and sale thereof to jobbers, has adopted and employs a system for maintenance of uniform resale prices, refusing to sell to jobbers who do not maintain such prices, thereby tending to hinder and suppress free competition to the prejudice of the public and of respondent's competitors.

Status: Testimony closed ; awaiting examiner's report.

**Dart Boats (Inc.).** (Complaint No. 1768.) Charge: That respondent, engaged in manufacture and sale of motor boats constructed of woods other than mahogany, makes false and misleading statements relative to construction of such boats ; thereby deceiving purchasing public into erroneous belief that respondent's products are constructed of wood derived from trees of mahogany family.

Status: Awaiting answer.

**Davies-Johnson Lumber Co.** (Complaint No.1624.) Charge (see charge in complaint No.1620, p. 197).

Status: Awaiting respondent's brief.

**Diamond Match Co.** (Complaint No.1625.) Charge (see charge in complaint No.1620, p.197).

Status: Awaiting respondent's brief.

**Domino House (Inc.)** and Margaret Sullivan. (Complaint No. 1718.) Charge: That respondents, engaged in furnishing courses in beauty culture and selling toilet preparations and curling irons, quote fictitious prices as regular prices for course of instructions, and offer as purported gratuities, curling irons and membership in a so-called " Beauty Arts Society" which is purely fictitious trade name used by respondent; thereby deceiving purchasing public into erroneous belief that respondent is offering special, reduced prices and giving goods the cost of which is not included in price paid by purchaser for course with which it is alleged to be given free of charge.

Status: Awaiting respondent's brief.

**Elmer Candy Co.** (Complaint No.1788.) Charge (see charge in complaint No.1772, p.193).

Status: At issue, commission to issue findings and order to cease and desist which respondent will obey, if case involving methods of competition similar to those used by respondent be affirmed by a United States court.

**Empire Manufacturing Co.** (Complaint No.1515.) Charge That respondent, manufacturing furniture, uses the words "Genuine Walnut" and " Combination Walnut" to designate furniture made of wood derived from trees other than those of walnut family, with exception of a walnut veneer on exposed parts, about one twenty-eighth of an inch in thickness; thereby deceiving purchasing public into erroneous belief that furniture so designated is composed entirely of walnut.

Status: Before commission for final determination.

**Euclid Candy Co.** (Complaint No.1794.) Charge (see charge in complaint No. 1785, p.200).

Status: Awaiting answer.

**Ewauna Box Co.** (Complaint No.1048.) Charge (see charge in complaint No. 1620, p.197).

Status: Awaiting respondent's brief.

**Faircloth, E. C., jr.,** Faircloth, E C., sr., Evers, F. B., and estate of Evers, C. K., partners, trading as Cherokee Mills. (Complaint No. 1004.) Charge: That respondents, engaged in purchasing flour from mills in the Middle West, and blending same with leavening agents such as baking powder, to produce what is known as "Self-Raising Flour," use the word "Mills" in firm name and use in advertising matter depictions of extensive buildings having a sign reading "Cherokee Mills, High-Grade Flour"; thereby deceiving purchasing public into erroneous belief that respondents manufacture the products they sell, and that prices quoted are exclusive of middleman's profit.

Status: Awaiting briefs.

**Fayro Laboratories (Inc.).** (Complaint No.1564.) Charge: That respondent, manufacturing bath salts designated "Fayro" circulates false and misleading statements relative to curative properties of product, and its indorsement by physicians, its composition, and its effectiveness as a reducing agent; thereby deceiving purchasing public into erroneous belief that respondent's product is concentrate of natural mineral salts that make effective the waters in 22 hot springs of America, England, and continental Europe, is beneficial in the early stages of Brights's disease, and will enable user to reduce from 2 to 4 pounds in one night when used in a hot bath.

Status: Awaiting trial.

**Feather River Lumber Co.** (Complaint No.1629.) Charge (see charge in Complaint No.1620, p.197).

Status: Awaiting respondent's brief.

**Fleck Cigar Co.** (Complaint No.1453.) Charge: That respondent, engaged in manufacture of cigars in State of Pennsylvania, uses the words "Rose-O-Cuba" and "Habana" on cigar bands and labels ; thereby deceiving purchasing public into erroneous belief that respondent's products are made of tobacco grown on island of Cuba.

Status: At issue.

**Fleer, Frank H., Corporation.** (Complaint No. 1832.) Charge: That respondent, engaged in manufacture of chewing gum and sale thereof, together with explanatory display cards, to wholesale dealers and jobbers, distributes four different assortments consisting of wrapped pieces of gum to be sold at 1 cent each, and other packages of gum to be given as prizes to purchaser who by chance selects a piece of a specified color and, in case of one assortment, to be given as a prize to purchaser of last piece of gum in assortment also ; a fifth assortment consisting of wrapped pieces of gum to be sold at 1 cent each, and pieces of gum to be given as prizes to purchaser who by chance selects a piece of a specified color, a piece of merchandise to be given as a prize to purchaser who by chance selects pieces having concealed within wrappers pictures of such parts of a piece of merchandise pictured on outside of cover, as will enable him to form a completed picture of the article, which is sent to him as a prize upon receipt by respondent of such pieces pasted in completed form ; and a sixth. assortment consisting of pieces of gum to be sold at 5 cents each, a prize to be mailed to purchaser who by chance selects pieces by means of which he can complete a picture, as in fifth assortment; thereby supplying and placing in the hands of others the means of conducting a lottery, and tending to injure competitors who do not make provision for the disposal of their products by such means.

Status: At issue.

**Flynn & Emrich Co.** (Complaint No. 1584.) Charge: That respondent, manufacturing stokers, grates, and coal-feeding mechanisms, circulates and causes its agents to circulate threats to institute suits for infringement of respondent's patent" against Perfection Grate & Stoker Co., also known as Perfection Grate & Supply Co., thereby deceiving purchasing public into erroneous belief that respondent's threats are made in good faith, and tending to hinder, embarrass, and eliminate competition in the sale of respondent's products.

Status: Awaiting final argument.

**Forest Lumber Co.** (Complaint No. 1649.) Charge (see charge in complaint No., 1620, p. 197).

Status: Awaiting respondent's brief.

**Franklin Paint Co.** (Complaint No.1567.) Charge: That respondent, selling paints, uses in advertising matter the words "White Lead," "Zinc Oxide," etc.,

and picture of a large factory bearing a sign with name " Franklin Paint Company " thereon; thereby deceiving purchasing public into erroneous belief that respondent's products consist in substantial part of ingredients named and that respondent operates such a factory or occupies such a building as the one pictured, and that the prices quoted are exclusive of the middleman's profit.

Status: At issue.

**Fruit Growers Supply Co.** (Complaint No.1633.) Charge (see charges in complaint No.1620, p.197).

Status: Awaiting respondent's brief.

**Geiger Candy Co.** (Complaint No.1823.) Charge (see charge in complaint No.1789, p.198).

Status: Awaiting answer.

**Gillespie, F. H.,** Gillespie, M. L., and MacDougall, A. F., partners, trading as Gillespie Furniture Co. (Complaint No. 1739.) Charge: That respondents, engaged in manufacture of household and office furniture and sale thereof to wholesale and retail dealers, represent certain of their products as mahogany ; thereby deceiving purchasing public into erroneous belief that such products are made of wood derived from trees of mahogany family.

Status: In course of trial.

**Globe Soap Co.** (Complaint No.1424.) Charge: That respondent, engaged in manufacture of soaps, uses the words " Castile " and " Lion Castile " in labeling and advertising soap consisting in substantial part of vegetable oils and animal fats, in some instances to the exclusion of olive oil ; thereby deceiving purchasing public into erroneous belief that respondent's products consist in preponderant part of olive oil.

Status: On suspense calendar to await decision of court of last resort In Docket 1110, in matter of James S. Kirk & Co.

**Goldenberg, D. (Inc.).** (Complaint No.1810.) Charge: That respondent, engaged in manufacture of candy and sale thereof, together with explanatory display cards, to wholesale dealers and jobbers, distributes one assortment of candies to be sold at 1 cent each and larger pieces of candy and other articles of merchandise to be given as prizes to purchaser of last piece of candy in assortment and to purchaser who by chance selects a piece of candy having a center of a specified color ; and another assortment consisting of wrapped candies to be sold at prices ranging from 1 to 3 cents, purchaser to pay whatever sum is set forth on a slip of paper concealed within wrapper ; thereby supplying and placing in the hands of others the means of conducting a lottery, and tending to injure competitors who do not make provision for the disposal of their products by such means.

Status: At issue.

**Golden Fur Dyeing Co. (Inc.).** Samuel Jacobs and Isidor Sachs (Jacobs & Sachs). (Complaint No.1381.) Charge: That respondent, Golden Fur Dyeing Co., engaged in dressing and dyeing Australian and New Zealand rabbit skins on contract for the owners, stamps the trade mark "Golden Seal" on back of each skin; thereby placing in hands of others, including respondent, Jacob & Sachs, engaged in manufacture and sale of garments made from such skins, the means of deceiving purchasing public into erroneous belief that garments are made from pelts of seals.

Status: Before commission for final determination.

**Great Northern Fur Dyeing & Dressing Co.** (Complaint No. 1379.) Charge: That respondent, engaged in the business of dressing and dyeing Australian and New Zealand rabbit skins, stamps one of its trade-marks--"Northern Seal" (black), "Northern Bevre" (brown), "Northern Nutriette" (plum color) on the back of each skin prepared by it, and supplies the purchasers thereof with labels marked "Genuine Northern Seal" to attach to the garments made therefrom ; thereby placing in the hands of others the means of deceiving the purchasing public into the erroneous. belief that the garments made therefrom are made from the pelts of the fur-bearing animals indicated, and tending to injure competitors who do not practice misrepresentation, in alleged violation of section 5 of the Federal Trade Commission Act.

Status: Before commission for final determination.

**Greenfield's, E., Sons (Inc.).** (Complaint No.1804.) Charge: That respondent, manufacturing and selling candy, together with explanatory display cards, to wholesale dealers, distributes one assortment consisting of candies to be sold at 1 cent each, and larger pieces of candy and/or other pieces of merchandise to be given as prizes to the purchaser of last piece of candy in assortment, and to purchaser who by chance selects a piece having a center of a

specified color; and another assortment consisting of wrapped candies to be sold at prices ranging from 1 to 5 cents, purchaser to pay whatever sum is set forth on printed slip of paper concealed within wrapper ; thereby supplying and placing in hands of others means of conducting a lottery, and tending to injure competitors who do not make provision for the disposal of their products by such means.

Status: At issue.

**Gropper, M. J., & Sons (Inc.).** (Complaint No.1722.) Charge: That respondents, engaged in manufacture of glass marbles and sale thereof to jobbers, chain stores, and mail-order houses, uses the word "Onyx" on labels and in advertising matter descriptive of same; thereby deceiving purchasing public into erroneous belief that respondent's product is composed of onyx.

Status: At issue.

**Hardie Bros. Co.** (Complaint No.1786.) Charge (see charge in complaint No. 1772, below).

Status: At issue.

**Havatampa Cigar Co.** (Complaint No. 1465.) Charge: That respondent, manufacturing cigars, uses the words "Hoye de Cuba" on cigar bands and containers and the words "Havana," "Habana," "Mild Havana," and "Mild Habana" on containers of cigars, some of which are made in part of Cuban' tobacco; thereby deceiving purchasing public into erroneous belief that respondent's products are made entirely of tobacco grown on island of Cuba.

Status: At issue.

**Headley Chocolate Co.** (Complaint No.1803.) Charge (see charge in complaint No.1789, p.198).

Status: At issue.

**Health Laboratories (Inc.).** (Complaint No. 1844.) Charge: That respondent, engaged in manufacture of a proprietary medicine designated "Acidine," and sale thereof to retail dealers and jobbers, circulates false and misleading statements relative to curative properties of "Acidine" and its recommendation by physicians ; thereby deceiving purchasing public into erroneous belief that respondent's product is a new discovery, is highly recommended by physicians, is manufactured under supervision of research chemists and has therapeutic properties.

Status: Awaiting answer.

**Heidelberger Confectionery Co.** (Complaint No.1772.) Charge: That respondent, engaged in manufacture of candy, and sale thereof, together with explanatory display cards, to wholesale dealers and Jobbers, distributes an assortment consisting of pieces of candy to be sold at 1 cent each, together with larger pieces of candy and/or other merchandise to be given as prizes to purchaser who by chance selects a piece having a center of a specified color ; thereby supplying and placing in hands of others the means of conducting a lottery, and tending to injure competitors who do not make provision for the disposal of their products by such means

Status: At issue

**Henry, DeWitt P., Co.** (Complaint No.1818.) Charge: That respondent, engaged in manufacture of candy and sale thereof, together with explanatory display cards, to wholesale dealers and Jobbers, distributes one assortment of candies to be sold at 1 cent each, and larger pieces of candy and other articles of merchandise to be given as prizes to purchaser of last piece of candy and to purchaser who by chance selects a piece having a center of a specified color ; another assortment consisting of wrapped candies to be sold at prices ranging from 1 to 3 cents, purchaser to pay whatever sum is set forth on a slip of paper concealed within wrapper ; and a third assortment consisting of wrapped candies to be sold at 5 cents each, with larger pieces or boxes of candy to be given to purchaser of last piece of candy in assortment, and purchaser who by chance selects a piece having a printed slip of paper concealed within wrapper designating a certain prize ; thereby supplying and placing in hands of others the means of conducting a lottery and tending to injure competitors who do not make provision for the disposal of their products by such means.

Status: At issue.

**Herman, John C., and Edwin S.** (John C. Herman & Co.) (Complaint No. 1443.) Charge: That respondents, manufacturing cigars in State of Pennsylvania, use the words "Havana Darts" on cigar bands and containers ; thereby deceiving purchasing public into erroneous belief that respondents' product is made of tobacco grown on island of Cuba.

Status: At issue.

**Hobart Estate Co.** (Complaint No. 1632.) Charge (see charge in complaint No.1620, p.197).

Status: Awaiting respondent's brief.

**Homan, John G.** (New Science Institute). (Complaint No.1677.) Charge: That respondent, engaged in manufacture and sale of a surgical appliance designated " Magic Dot," circulates false and misleading statements relative to curative value of the product; thereby deceiving purchasing public into erroneous belief that respondent's product is a recent scientific discovery that will cure hernia by means of a so-called "sealing" process.

Status: Awaiting trial.

**Hoover Suction Sweeper Co.** (Complaint No.238.) Charge: That respondent, engaged in manufacture and sale of vacuum sweepers, offers gratuities to employees of its competitors and employees of dealers handling products of competitors, as an inducement to influence them to favor sale of respondent's products over those of its competitors, thereby tending to injure competitors who do not offer such gratuities.

Status: Order to cease and desist, entered May 27, 1910, was vacated by commission order dated May 12, 1928, and case is now before commission for consideration looking forward to issuance of modified order to cease and desist.

**Hoyt Bros. (Inc.).** (Complaint No.1510.) Charge: That respondent, manufacturing a general line of pharmaceuticals, cosmetics, toilet preparations, soaps, etc., uses the word " Castile " in labeling soap consisting in substantial part of vegetable oils and animal fats, in some instances to the practical exclusion of olive oil; thereby deceiving purchasing public into erroneous belief that soap so labeled consists in preponderant part of olive oil.

Status: On suspense calendar awaiting decision in Docket 1110, in matter of James S. Kirk & Co.

**Hurty-Peck & Co.** (Complaint No.1826.) Charge: That respondent, engaged in manufacture of fruit extracts and concentrates, and sale thereof to bottlers, together with electrotype cuts to be used in advertising drinks prepared therefrom, uses the words "Concord Grape," "Orange," "Cherry," "lemon," "Peach," "Strawberry," and "Raspberry," together with a picture representing the fruit, to designate products that do not contain in substantial quantity the juices of fruits indicated, advertising being accompanied in some instances by the word "Imitation" or "Imit" in small print, and in others by a statement to the effect that extracts and concentrates are made of real fruit juices; thereby deceiving purchasing public into erroneous belief that beverages made from respondent's products contain a substantial amount of fruit juices indicated.

Status: At issue.

**Idaho Coal Dealers Association,** Utah Coal Producers Association, and Retail Fuel Dealers Association of Utah, and their officers and named members. (Complaint No. 1840.) Charge: That respondent, Idaho Coal Dealers Association, a voluntary, unincorporated association with a membership engaged in business as retail coal dealers, Utah Coal Producers Association, a voluntary unincorporated organization with a membership engaged in business as coal producers, and Retail Fuel Dealers Association of Utah, a voluntary, unincorporated organization with a membership engaged in business as retail coal dealers, combine and agree among themselves as follows: (a) Coal producers shall sell only to retail coal dealers, such rating being determined by possession of yard and office, a stock of coal, a display sign and scales; (b) such qualified retail dealers shall sell to all domestic consumers, States, counties, municipalities, and schools, where truck service is required, and to all employees of industrial concerns; (c) coal producers shall sell retail dealers, railroads, steamship companies, and other industrial plants provided with an industrial spur, such not to be resold by them for purposes not directly connected with the industrial enterprise, and the United States Government, States, counties, and municipalities, wherever an industrial spur is provided ; thereby tending to hinder and suppress free competition to the prejudice of the public and of respondents' competitors.

Status: Awaiting answer.

**Inecto (Inc.).** (Complaint No.1452.) Charge: That respondent, engaged in manufacture and sale of hair dye designated "Inecto Rapid NoTox," uses fictitious testimonials and circulates false and misleading statements relative to nature and characteristics of product ; thereby deceiving purchasing public into erroneous belief that coloring content of dye penetrates the hair, thereby insur-

ing a permanent coloration and that dye is harmless, never having caused any deleterious effect to the scalp.

Status: In course of trial.

**International Gum Corporation.** (Complaint No.1799.) Charge: That respondent, engaged in manufacture of chewing gum and sale thereof, together with explanatory display cards, to wholesale dealers and jobbers, distributes an assortment consisting of wrapped pieces of chewing gum to be sold at 1 cent each, and larger pieces of chewing gum and other pieces of merchandise to be given as prizes to purchaser of last piece of gum in assortment, and to purchaser who by chance selects a piece of a specified color; thereby supplying and placing in hands of others means of conducting a lottery, and tending to injure competitors who do not make provision for the disposal of their products by such means.

Status: At issue, commission to issue findings and order to cease and desist which respondent will obey, if case involving methods of competition similar to those used by respondent be affirmed by a United States court.

**Jenkins, Edward L., and Auten, Myrtle E.,** partners, trading as Cheri. (Complaint No. 1850.) Charge: That respondents engaged in sale of toilet articles since 1929, represent themselves to be manufacturers and to be owners of an old established business world-wide in extent, employing a chemist of wide experience and a beauty expert designated as "Edmyr Janaut"; thereby deceiving purchasing public into erroneous belief that respondents are manufacturers, that prices quoted are exclusive of middleman's profit, that they are conducting a large, old established business and employing scientific and trained workers.

Status: Awaiting answer.

**Johnson, D. V.** (Tennessee Grain Co. and Tennessee Milling Co.) (Complaint No.1598.) Charge: That respondents, engaged in buying and selling grain, buying wheat flour from millers and mixing it with other ingredients to produce the commodity known as self-rising flour, and to a small extent grinding grain for feed for stock and for whole-wheat flour, uses the words "Milling" and "Grain" in trade names, and uses in advertising matter statements to the effect that respondents are manufacturers of soft wheat flour; thereby deceiving purchasing public into erroneous belief that respondents manufacture the product they sell, and that prices quoted are exclusive of middleman's profit.

Status: Awaiting briefs.

**Johnson-Fluker Co.** (Complaint No.1831.) Charge: That respondent, engaged in manufacture of candy and sale thereof, together with explanatory display cards, to wholesale dealers and jobbers, distributes an assortment of candies to be sold at 1 cent each, and larger pieces of candy and other articles of merchandise to be given as prizes to purchaser of last piece of candy in assortment and to purchaser who by chance selects a piece of candy having a center of a specified color; another assortment consisting of wrapped candies to be sold at prices ranging from 1 to 5 cents, purchaser to pay whatever sum is set forth on a slip of paper concealed within wrapper; and a third assortment of wrapped candies to be sold at prices ranging from 1 to 3 cents, purchaser to pay whatever sum is set forth on a slip of paper concealed within wrapper; thereby supplying and placing in the hands of others the means of conducting a lottery, and tending to injure competitors who do not make provision for the disposal of their products by such means.

Status: At issue, commission to issue findings and order to cease and desist which respondent will obey, if case involving methods of competition similar to those used by respondent be affirmed by a United States court.

**Johnson, Walter H., Co.** (Complaint No.1817.) Charge: That respondent, engaged in manufacture of candy and sale thereof, together with explanatory display cards, to wholesale dealers and jobbers, distributes one assortment consisting of wrapped pieces of candy to be sold at prices ranging from 1 to 5 cents, and a similar assortment to be sold at prices ranging from 1 to 3 cents, purchaser to pay whatever sum is set forth on a slip of paper concealed within wrapper; and a third assortment consisting of wrapped candies to be sold at 5 cents each, certain of which have concealed within wrapper a slip of paper stating that such piece is given free of charge to purchaser who by chance makes this selection; thereby supplying and placing in hands of others the means of conducting a lottery, and tending to injure competitors who do not make provision for the disposal of their products by such means.

Status: At issue.

**Kalb, Sam, and Kalb, George**, partners (Kalb Bros.). (Complaint No. 1801). Charge (see charge in complaint No.1789, p.198).

Status: Awaiting answer.

**Karcher, A., Candy Co.** (Complaint No.1849.) Charge (see charge in complaint No.1772, p.193).

Status: Awaiting answer.

**Kemper Silk Co. (Inc.)** (Complaint No. 1685.) Charge: That respondent, engaged in sale of textile fabrics to retail dealers and to garment makers, falsely claims to be a manufacturer, and uses on labels and in advertising matter the trade names "Sparkal Satin" and "Taffet-Ray" to designate a product made of rayon or of cotton and rayon; thereby deceiving purchasing public into erroneous belief that prices quoted are exclusive of middleman's profit, and that respondents products are made of silk.

Status: Awaiting respondent's brief.

**Keppel, R. F., & Bro. (Inc.)** (Complaint No.1816.) Charge: That respondent, engaged in manufacture of candy and sale thereof, together with explanatory display cards, to wholesale dealers and jobbers, distributes an assortment of candy with larger pieces of candy and other articles of merchandise to be given as prizes to purchaser of last piece of candy in assortment, and to purchaser who by chance selects a piece of candy having a center of a specified color ; another assortment consisting of wrapped candies to be sold at prices ranging from 1 to 5 cents, purchaser to pay whatever sum is set forth on a slip of paper concealed within wrapper; and a third, assortment consisting of wrapped candies to be sold at 1 cent each, purchaser who by chance selects a piece containing money concealed within wrapper to receive that money as a prize ; thereby supplying and placing in the hands of others the means of conducting a lottery and tending to injure competitors who do not make provision for the disposal of their products by such means.

Status: At issue.

**Kesterson Lumber Co.** (Complaint No.1631.) Charge (see charge in complaint No. 1620, p.197).

Status: Awaiting respondent's brief.

**Klamath Lumber & Box Co.** (Complaint No.1650.) Charge (see charge in complaint No. 1620, p.197).

Status: Awaiting respondent's brief.

**Knapik and Erickson** (Knapik, Thomas, and Erickson, George W., partners). (Complaint No. 1750.) Charge: That respondents, engaged in sale of leather goods to wholesale dealers, use the trade name of "Mulelde" to designate a cotton fabric finished so as to simulate leather, and furnish to the purchaser for use in labeling gloves and mittens manufactured therefrom, tags and labels bearing the words "Mulelde-Non Slip-Patents Pending"; thereby deceiving purchasing public into erroneous belief that respondents' products and the articles made therefrom, are made from the hides or skins of animals.

Status: At issue.

**Kotex Co.** (Complaint No.1782.) Charge: That respondent, engaged in sale of sanitary supplies to wholesale and retail dealers, advertises that a product designated "Kotex" contains cellu cotton absorbent ; thereby deceiving purchasing public into erroneous belief that content of respondent's product is derived from the cotton plant.

Status: At issue.

**La Lasine International (Inc.)**. (Complaint No.1845.) Charge: That respondent, engaged in manufacture of an antiseptic designated "La Lasine" and sale thereof to wholesale dealers, circulates false and misleading statements relative to its curative properties, lists some 30 diseases that may be caused by the germs that La Lasine destroys, uses the words "Paris, Rome, New York," and "The Famous French Formula" with descriptive French words on labels and in advertising matter together with claims of indorsement by United States Government ; thereby deceiving purchasing public into erroneous belief that respondent's product is imported or made in accordance with a French formula, has been tested or indorsed by United States Government, and possesses therapeutic value.

Status: At issue.

**Lamm Lumber Co.** (Complaint No. 1651.) Charge (see charge in complaint No.1620, p.197).

Status: Awaiting respondent's brief.

**Lassen Lumber & Box Co.** (Complaint No.1643.) Charge (see charge In complaint No. 1620, below).  
**Status: Awaiting respondent's brief.**

**Lazier, J. F., Manufacturing Co. (Inc.).** (Complaint No.1758.) Charge: That respondent, engaged In manufacture of artificially flavored extracts and concentrates, and sale thereof to bottlers, together with caps and labels for use therewith, uses the trade names "Little Boy Blue Grape," "Cinderella Orange," and "Peter Pan Cherry," and uses other advertising matter featuring names of these fruits; thereby deceiving purchasing public into erroneous belief that respondent's products are made from fruits or juices indicated.

Status: At issue.

**Leadite Co. (Inc.).** (Complaint No.1730.) Charge: That respondent, engaged in manufacture of compounds used for making joints in cast iron, bell, and spigot pipes, uses the word "Leadite" in corporate name, and on labels and in advertising matter descriptive of product ; thereby deceiving purchasing public into erroneous belief that respondent's product is composed in whole or in part of lead.

Status: At issue.

**Lewis Brothers (Inc.).** (Complaint No.1761.) Charge (see charge in complaint No.1724, p.212).

Status: At issue.

**Lewis, Edgar P., & Son (Inc.).** (Complaint No.1813.) Charge (see charge In complaint No.1789, p.198).

Status: At issue.

**Libbey, W. S., Co.** (Complaint No.1824.) Charge That respondent, engaged in manufacture of blankets and sale thereof to jobbers and retail dealers through a sales agency in New York, uses the trade name "Golden Fleece," and labels and advertises blankets not containing over 5 per cent of wool as woolen blankets, sometimes using the words "part wool," together with a picture representing Jason setting forth on his quest of the "Golden Fleece," thereby deceiving purchasing public into erroneous belief that respondent's products consist in substantial part of wool.

Status: At issue.

**Liederman, Earle E.** (Complaint No.1771.) Charge: That respondent, furnishing courses of instructions in physical culture, circulates false and misleading statements relative to regular prices of course, articles, accessory thereto, that are alleged to be given free of charge, and individual supervision ; thereby deceiving purchasing public into erroneous belief that cost of accessory articles is not included in price paid for course, that special requirements of individual pupils are considered, and that special reduced prices are being quoted.

Status: Awaiting respondent's brief.

**Likely Lumber Co.** (Complaint No.1627.) Charge (see charge in complaint No.1020, below).

Status: Awaiting respondent's brief.

**Limoges China Co.,** Sebring Pottery Co., Salem China Co., and Crescent China Ca. (Complaint No.1570.) Charge: That respondents, manufactures of earthenware, chinaware, porcelainware, and pottery, advise competitors by letter that respondents hold a patent covering transparent yellow glaze ware and that they intend to prosecute any manufacture of such ware as an infringement on said patent, and insert in trade magazines advertisements headed "Warning," stating in effect that respondents have a patent pending upon transparent yellow glaze ware, and advising purchasers to insist upon manufacturers furnishing bond sufficient to cover any liability purchasers might incur; thereby deceiving purchasing public into erroneous belief that respondents have patents on such ware or have applications pending.

Status: In course of trial.

**Lomax, H. L.** (Lomax Rug Mills). (Complaint No.1715.) Charge: That respondent, engaged in the sale of rugs, uses the word "Mills" in firm name, and advertises sales direct from mills to customer ; thereby deceiving purchasing public into erroneous belief that respondent is a manufacturer, and that the prices quoted are exclusive of the middleman's profit.

Status: Before commission for final determination.

**Long-Bell Lumber Co.** (Complaint No.1620.) Charge: That respondent, engaged in manufacture and sale of lumber products, advertises certain products produced from trees botanically designated "Pinus ponderosa" under name and designation "White Pine" with or without addition before such name of one or another of the words "California," "Arizona," "Western," or "New Mex-

ico"; thereby deceiving purchasing public into erroneous belief that such products belong to pine group known as "Pinus strobus" or "Pinus lamber tiana," either of which is superior to "Pinus ponderosa" and commands a higher market price.

Status: Awaiting briefs.

**Luden's (Inc.).** (Complaint No. 1789.) Charge: That respondent, engaged in manufacture of candy and sale thereof, together with explanatory display cards, to wholesale dealers and jobbers, distributes an assortment consisting of pieces of candy to be sold at 1 cent each, and larger pieces of candy and other pieces of merchandise to be given as prizes to purchaser of last piece of candy in assortment, and to purchaser who by chance selects a piece having a center of a specified color ; thereby supplying and placing in the hands of others means of conducting a lottery, and tending to injure competitors who do not make provision for the disposal of their products by such means.

Status: At issue.

**Macfadden Publications (Inc.).** (Complaint No. 1549.) Charge: That respondent, engaged in controlling and directing other corporations publishing magazines of various kinds, in the process of circulation quotes a fictitious price, in excess of that at which the magazine subscriptions are usually sold, as the regular price, quoting regular price as a special offer to recipient of circular; thereby deceiving purchasing public into erroneous belief that a special, reduced price is being quoted.

In the course of the trial of this case, respondent appealed to Supreme Court of District of Columbia and Court of Appeals of District of Columbia for a writ of mandamus requiring commission to issue certain subpoenas duces tecum in behalf of respondent. Petition was denied in both courts.

Status: Testimony closed ; awaiting examiner's report.

**Madison, Dr. Robert, Laboratories (Inc.),** and Madison, Rodney. (Complaint No. 1507.) Charge: That respondents, engaged in sale of an electric magnetic device designated "Vitrona," circulate false and misleading statements relative to curative properties of respondents' device, and the standing of Rodney Madison as physician and inventor; thereby deceiving purchasing public into erroneous belief that respondents' device is result of scientific research, and possesses therapeutic value.

Status: In course of trial.

**Madison Mills (Inc.).** (Complaint No. 1776.) Charge: That respondent, engaged in manufacture and sale of men's shirts. substitutes other designs or patterns when those ordered by purchaser are not in stock, without tendering purchaser a refund or giving him an opportunity to make "lien" selections, and refuses to refund purchase price upon return of same, while guaranteeing in advertising matter that purchaser's money will be refunded without question if products are not in fabric, in fit, and in price the best value ever seen by purchaser ; thereby deceiving purchasing public into erroneous belief that orders will be satisfactorily filled as given, or that appropriate adjustment will be made.

Status: In course of trial.

**Madison Paint Co.** (Complaint No.1573.) Charge: That respondent, selling paint, falsely claims to be a manufacturer, and advertises and represents that his product is made in whole or in part of specified ingredients, that go to make best quality of paint, thereby deceiving purchasing public into erroneous belief that prices quoted are exclusive of middleman's profits and that respondent is selling a high-grade paint, consisting in whole or in part of those ingredients that are used in best-quality paints.

Status: At issue.

**Magnecoil Company (Inc.).** (Complaint No.1846.) Charge: That respondent, engaged in manufacture and sale of electric blankets, circulates false and misleading statements regarding cures effected by their use as a cover for human body, their indorsement by institutions of medical and scientific research, and respondent's laboratories and consulting board of medical experts ; thereby deceiving purchasing public into erroneous belief that respondent operates a large factory with a laboratory and a consulting staff of medical experts, and that respondent's products possess therapeutic properties other than those possessed by reason of the heat generated.

Status: Awaiting answer.

**Manchester Shoe Co.,** Dustin, Forrest, and Rose, C. G. (Complaint No. 1561.) Charge: That respondent, engaged in sale of shoes, circulates false and misleading statements to the effect that respondent is a manufacturer and that

shoes he sells are custom made; thereby deceiving purchasing public into erroneous belief that prices quoted are exclusive of middleman's profit, and that shoes delivered are made according to measurements taken by agents.

Status: Before commission for final determination.

**Margarella, Pasquale** (Complaint No.1790.) Charge (see charge in complaint No.1789, p. 198).

Status: At issue, commission to issue findings and order to cease and desist, which respondent will obey. If case involving methods of competition similar to those used by respondent be affirmed by A United States court.

**Matthews Co. (Inc.)**. (Complaint No. 1751.) Charge (see charge in complaint No.1734, p. 209).

Status: At Issue.

**McCarthy, Francis J.** (Wautaga Milling Co., Modern Milling Co., McCarthy, F. J., Milling Co., Southern Flour Mills Co., and Star Mills.) (Complaint No. 1601.) Charge: That respondent, engaged in mixing and blending flour and "Self-Rising Flour," uses the words "Mills" and "Milling" in firm names and in advertising matter; thereby deceiving purchasing public into erroneous belief that respondents manufacture the products they sell, and that prices quoted are exclusive of middleman's profit.

Status: Awaiting briefs.

**McCloud River Lumber Co.** (Complaint No.1635.) Charge (see charge in complaint No.1620, p.197).

Status: Awaiting respondent's brief.

**McKesson & Robbins (Inc.)**. (Complaint No. 1689.) Charge: Unlawful restraint and monopoly in that respondent, engaged in manufacture and sale of drugs and proprietary medicines, acquired capital stock of Bedsole-Colvin Drug Co., Churchill Co., Eastern Drug Co., Farrand, William & Clark, Faxon & Gallagher Drug Co., Fuller-Morrison Co., Gibson-Snow Co. (Inc.), Croover-Stewart Drug Co., Hall-Van Gorder Co., Kirk-Geary & Co. (Inc.), Langley & Mechaels Co., Minneapolis Drug Co., Murray Drug Co., Roeber-Kuebler Co., Southern Drug Co., Western Wholesale Drug Co. (Inc.), Alfred Vogeler Drug Co., J. W. Crodus Drug Co., Hornick, More & Porterfield, Huntington Drug Co., C. J. Lincoln Co., Ogden Wholesale Drug Co., Parker, Blake Co. (Ltd.), Peter Neat Richardson Co., J. B. Riley Drug Co., Roanoke Drug Co., and Spurlock-Neal Co., thereby tending to substantially lessen competition, restrain commerce, and create a monopoly, in alleged violation of section 7 of the Clayton Act.

Status: At issue.

**McLaren Consolidated Cone Corporation**. (Complaint No.1830.) Charge: That respondent, engaged in leasing or licensing machinery for manufacture of ice-cream cones and cup pastries, leases same on condition that licensee shall not use like machinery handled by any competitor of respondent, thereby tending to substantially lessen competition and create a monopoly in alleged violation of section 3 of the Clayton Act.

Status: At issue.

**Mechanical Manufacturing Co.**, O'Hara, R., and Mayfield, W A. (Complaint No. 1727.) Charge: That respondent, Mechanical Manufacturing Co., engaged in manufacture of meat packing house machinery and railway equipment endeavors to induce railway companies to place orders for equipment by promising through respondents R. O'Hara and W A. Mayfield, managers of the traffic department of Swift & Co., certain volumes of freight traffic from that company in return for patronage, such traffic to be withdrawn if patronage is withheld; thereby tending to lessen free flow of competition in sale of railway equipment, and tending to injure competitors who do not tender reciprocal patronage.

Status: Awaiting briefs.

**Mechanics Furniture Co.** (Complaint No.1516.) Charge: That respondent, manufacturing furniture, uses the words "Walnut," "Mahogany," "Mahogany and American Walnut," etc., to designate furniture made of wood derived from trees other than those of the walnut or mahogany family with exception of a walnut or mahogany veneer on exposed parts, about one twenty-eighth of an inch in thickness; thereby deceiving purchasing public into erroneous belief that furniture so designated is composed entirely of walnut or mahogany wood.

Status: Before commission for final determination.

**Mennie, F. L.** (Mineral Coal Saver Co., Mennie Manufacturing Co., and M. and K. Manufacturing Co.) (Complaint No. 1770.) Charge: That respondent, engaged in manufacture and sale of a compound designated "Mineral Coal

Saver," which is composed of 97 per cent ordinary salt (worth at the most 10 cents per pound) and 1 ½ per cent of deck lead, iron oxide used as coating, and other chemicals in very small proportions, sells this product at \$1.25 per pound package, with promise of refund to dissatisfied customers upon receipt of complaints addressed to a certain box number, through which number it proves to be impossible to locate respondent, representing that it will prevent and remove soot and will give 20 per cent more heat with less coal ; thereby deceiving purchasing public into erroneous belief that respondent's product is a valuable chemical compound having a greater capacity for reducing soot than that possessed by common salt.

Status: In course of trial.

**Mercerizer Association of America**, its officers and members. (Complaint No.1755.) Charge: That respondent, a voluntary, unincorporated association of members engaged in manufacture of mercerized ply cotton yarn, and sale thereof to manufacturers of hosiery and underwear, has adopted and employs a system for maintenance of uniform resale prices, arbitrarily advancing such prices without respect to cotton market or cost of material; thereby tending to hinder and suppress free competition to the prejudice of the public and of respondent's competitors.

Status: At issue.

**Metro Chocolate Co. (Inc.)**. (Complaint No. 1808.) Charge (see charge in complaint No.1789, p.198).

Status: At issue, commission to issue findings and order to cease and desist which respondent will obey, if case involving methods of competition similar to those used by respondent be affirmed by a United States court.

**Miller, Louis A.** (Southern Milling Co.), (Complaint No.1617.) Charge: That respondent, engaged in sale of flour, uses trade name "Southern Milling Company" and circulates statements implying operation of a mill wherein flour sold is ground and manufactured; thereby deceiving purchasing public into erroneous belief that respondent manufactures product he sells, and that price quoted is exclusive of middleman's profit.

Status: Awaiting answer.

**Minter Bros.** (Minter, Clayton A., and Minter, Ira W.). (Complaint No. 1785.) Charge: That respondents, manufacturing and selling candy together with explanatory display cards, to wholesale dealers and jobbers, distributes an assortment consisting of wrapped candies to be sold at prices ranging from 1 to 5 cents, and a similar assortment with prices ranging from 1 to 3 cents, the purchaser to pay whatever sum is set forth on a printed slip of paper concealed within the wrapper ; thereby supplying and placing in the hands of others the means of conducting a lottery, and tending to injure competitors who do not make provision for the disposal of their products by such means.

Status: At issue, commission to issue findings and order to cease and desist, which respondent will obey, if case involving methods of competition similar to those used by respondent be affirmed by a United States court.

**Mohawk Asbestos Slate Co. (Inc.)**. (Complaint No.1767.) Charge: That respondent, engaged in manufacture and sale of shingles manufactured of Portland cement (85 per cent) and asbestos (15 per cent), uses the words "Asbestos Slate" in corporate name and in advertising matter ; thereby deceiving purchasing public into erroneous belief that respondent's products are asbestos slate shingles.

Status: In course of trial.

**Mulhens & Kropff (Inc.)**. (Complaint No.1531.) Charge: That respondent, engaged in manufacture and sale of chemical and toilet products, advertises, offers, and sells an "Eau de Cologne" which it labels, marks, dresses, and packs in simulation of the Eau de Cologne "4711," originally produced and sold by the long-established and favorably known house of Mulhens; thereby deceiving purchasing public into erroneous belief that respondent's Eau de Cologne is the genuine Eau de Cologne now manufactured and sold by Ferd. Mulhens

Status: At issue.

**Murray, Arthur** (Arthur Murray School of Dancing.) Complaint No.1723.) Charge: That respondent, engaged in furnishing courses of instructions in dancing, circulates false and misleading statements regarding regular price of course, well-known persons who have subscribed to it, its indorsement by United States Naval Academy, and personal supervision exercised by respondent ; thereby deceiving purchasing public into erroneous belief that pupils are under personal supervision of respondent, that special, reduced prices are

being quoted and that the United States Naval Academy has had its instructors trained therein.

Status: Before commission for final determination.

**Mutual Publishing Co.**, Shelton, C. J. Bufton, H. A., Publishers Acceptance Corporation, Nearingd, P. I., Thompson, T. E., Critzinger, Carl, Educators Service Association, Thomas, A. C., and Bufton, H. A. (Complaint No.1571.)

Charge: That respondent, engaged in publication and sale of encyclopedias, circulates false and misleading statements relative to educators compiling it, regular price and quality of books and cost of extension service ; thereby deceiving purchasing public into erroneous belief that books are printed on good paper in leather bindings, were recently compiled by well-known educators, that price quoted is a special, reduced price, and that certain sets are given free of charge with a subscription to extension service.

Status: At issue.

**Nashville Roller Mills**, John Schultz, Louis Baujan, and Virgil S. Typper. (Complaint No.1599.) Charge: That respondents, engaged in blending wheat flour with leavening agents such as baking powder to produce what is known as "Self-Rising Flour," use the words "mill" and "milling," in firm name, and use in advertising matter statements to the effect that respondent is a manufacturer ; thereby deceiving purchasing public into erroneous belief that respondents manufacture products they sell, and that prices quoted are exclusive of middleman's profit.

Status: Awaiting briefs.

**National Candy Co. (Inc.)**. (Complaint No.1802.) Charge: That respondent, manufacturing and selling candy, together with explanatory display cards, to wholesale and retail dealers, distributes an assortment consisting of pieces of candy to be sold at the rate of two for 1 cent, and pieces of merchandise to be given as prizes to purchaser of last piece of candy in assortment, and to purchaser who by chance selects a piece having a center of a specified color; thereby supplying and placing in hands of others means of conducting a lottery, and tending to injure competitors who do not make provision for the disposal of their products by such means.

Status: At issue.

**National Leather & Shoe Finders' Association**, its officers, executive committee, and members; Greater Boston and New England Leather and Finders' Credit Bureau; Northwestern Leather and Finders' Credit Bureau; Northern New Jersey Leather and Finders' Credit Bureau; Wisconsin Leather and Finders' Credit Bureau; New York State Leather and Finders' Credit Bureau; Shoe Finders' Board of Trade; Colorado Leather and Finder's Credit Bureau; Pittsburgh Leather and Finders' Credit Bureau; Philadelphia Leather and Finders' Credit Bureau; Baltimore Leather and Finders' Credit Bureau; Greater New York Leather and Finders' Credit Bureau; Capital Leather and Finders' Credit Bureau of Albany, N. Y.; Michigan Leather and Finders' Credit Bureau of Detroit ; Illinois Leather and Finders' Credit Bureau (Inc.); Cleveland Leather and Finders' Credit Bureau ; Toledo Leather and Finders' Credit Bureau; Cincinnati Leather and Finders' Credit Bureau; St. Louis Leather and Finders' Credit Bureau; Connecticut Leather and Finders' Credit Bureau; Virginia Leather and Finders' Credit Bureau; Iowa and Nebraska Leather and Finders' Credit Bureau; Missouri, Kansas, and Arkansas Leather and Finders' Credit Bureau; Illinois State Leather and Finders' Credit Bureau; Louisville Leather and Finders' Credit Bureau; Twin Cities Leather and Finders' Credit Bureau; Rubber Heel Club of America and the officers and members thereof. (Complaint No.1263.) Charge: That respondents, engaged in manufacture and sale of leather to retail dealers, have adopted and employ a system for maintenance of uniform resale prices, refusing to sell except to so-called "legitimate" dealers; that is, those dealers selling their findings and repair service at prices respondents deem sufficiently high to insure a satisfactory profit; thereby tending to hinder and suppress free competition to the prejudice of the public and of respondents' competitors.

Status: At issue.

**National Pastry Products Corporation**. (Complaint No. 1700.) Charge: Unlawful restraint and monopoly in that respondent, engaged in production of pastry products, confections, and ice-cream cones, acquired capital stock of United Products Co. (Inc.), Old South Cone Co. (Inc.), Modern Baking Co. (Inc.), Preferred Baking Co. (Inc.), and Atlantic Cone Co. (Inc.); thereby tending to substantially lessen competition, restrain commerce, and create a monopoly, in alleged violation of section 7 of the Clayton Act.

Status: At issue.

**National Silver Co., Samuel E Bernstein (Inc.), and Samuel E Bernstein.** (Complaint No. 1704.) Charge: That respondents, engaged in sale of white metal tableware to wholesale and retail dealers, use the words "Nickle Silver" in labeling same; thereby deceiving purchasing public into erroneous belief that respondents' product contains sliver.

Status: At issue.

**Natural Eyesight Institute (Inc.).** (Complaint No.1838.) Charge: That respondent, engaged in sale and distribution of a systematic training for improving eyesight, uses the word "Institute" in corporate name and advertises that the system, largely by virtue of an instrument called an "eye normalizer," will remove cause of defective vision and initiate progressive improvement which will enable user to discard glasses; thereby deceiving purchasing public into erroneous belief that respondent is an institute having facilities for instructing, diagnosing, treating, and conducting scientific investigations, and that benefits claimed are possible of accomplishment through respondent's training.

Status: At Issue.

**Natural Health Association (Inc.), Botwen, Morris, and Ross, Edwin J.** (Complaint No. 1577.) Charge: That respondents, engaged in publication and sale of certain books dealing with preservation of health through diet and exercise, use the word "Association" in firm name, and circulate numerous false and misleading statements relative to authors and indorser of their books; thereby deceiving purchasing public into erroneous belief that respondent is a successor to American Health Association, and is conducting a campaign in interest of better health, that books contain material indorsed by United States Government and contributions made by Doctors Carrel, Wiley, Carroff, Copeland, and Mayo, and that purchaser of the book becomes a member of alleged association in a position to receive expert advice on how to become strong and healthy.

Status: In course of trial.

**Nessler, Charles** (C. Nestle Co. and Society for the Advancement of Hair and Beauty Science) and Nestle-LeMur Co. (Inc.) (Complaint No. 1833.) Charge: That respondent, Charles Nessler, engaged in manufacture of hair-waving machines and of appliances and instruments for use in connection therewith, organized and maintains an association designated as "Society for the Advancement of Hair and Beauty Science" purported to be a disinterested association publishing a beauty culture magazine, through which service advice is furnished to the trade relative to beauty culture, examinations of beauty parlor operators are conducted, certificates and badges being issued to all accredited operators who use the "Text-O-Meter," a device invented by respondent Charles Nessler, and the merits of various new appliances are passed upon, those by respondent Charles Nessler being cited as especially meritorious; thereby deceiving purchasing public into erroneous belief that inventions of Charles Nessler are approved by disinterested experts above those of any other inventor of beauty culture devices, and tending to injure competitors who do not exploit sale of their products through channels purporting to represent the impartial recommendation of a body of trained individuals.

Status: At issue.

**New England Electrical Fixture Co. (Inc.), Esther Fistel, Abraham Fistel and Harry Parker;** (Complaint No. 1749.) Charge: That respondents, engaged in sale of electric-lamp fixtures and parts thereof, falsely represent that a lighting unit (sold by other dealers for approximately \$6), sold on the installment plan by respondents for approximately \$16.50, will consume less electricity than that used by prospective purchaser, and secure signatures to contracts of sale on the pretense of securing signatures to a receipt for a unit to be left on trial, placing attachments on the property of alleged purchaser upon failure of payment; thereby perpetrating a fraud and deceiving purchasing public into erroneous belief that respondent's product is a superior unit, sold at a reasonable price.

Status: At issue.

**No-Ring Corporation, American Druggists' Syndicate (Inc.), and Vadsco Sales Corporation.** (Complaint No. 1815.) Charge: That respondent, American Druggists' Syndicate (Inc.), engaged in manufacture of a cleaning preparation, formula of which is owned by No-Ring Corporation, and sale thereof to wholesale and retail dealers largely through respondent Vadsco Sales Corporation, designates preparation "No Ring," uses the words "No Ring" in corporate

name, and advertises product as one of "chemistry's wonders," its cleansing power and not the rubbing removing the spots ; thereby deceiving purchasing public into erroneous belief that cleaning fluid has a capacity beyond that of any other cleaner for removing spots without a ring.

Status: Awaiting trial.

**NuGrape Co. of America.** (Complaint No.1576.) Charge: That respondent, manufacturing a concentrate consisting in substantial part of ingredients other than fruit or juice of the grape, uses the "Nu Grape" on labels and in advertising matter descriptive of same; thereby deceiving purchasing public into erroneous belief that respondent's product consists in whole or in substantial part of fruit or juice of the grape.

Status: In course of trial.

**Oak Valley Lumber Co.** (Complaint No. 1666.) Charge (see charge in complaint No. 1620, p.197).

Status: Awaiting respondent's brief.

**Old Colony Candy Co.** (Complaint No.1814.) Charge (see charge in complaint No. 1725, p. 207).

Status: At issue.

**Old Hickory Mills, J. Frank Foster, James Willis, R. W Condon, and D. L. Anderson.** (Complaint No.1607.) Charge: That respondents, engaged in selling flour purchased from the Mero Mills to retail grocers, use the words "Mills" and "Milling" in trade names, letterheads, etc., and use in advertising matter statements to the effect that respondents are manufacturers ; thereby deceiving purchasing public into erroneous belief that respondents manufacture products they sell, amid that prices quoted are exclusive of middle-man's profit.

Status: At issue on amended complaint.

**Overland Candy Co.** (Complaint No.1822.) Charge (see charge in complaint No.1785, p. 200).

Status: At issue.

**Owen-Oregon Lumber Co.** (Complaint No. 1645.) Charge (see charge in complaint No.1620, p.197).

Status: Awaiting respondent's brief.

**Pacific Door and Sash Co.** (Complaint No.1737.) Charge,: Unfair methods of competition are charged in that respondent, engaged in sale of sashes, doors, and other millwork to lumber dealers, represents certain of the products as mahogany, and/or Philippine Mahogany ; thereby deceiving purchasing public into erroneous belief that such products are derived from wood of trees of the mahogany family.

Status: In course of trial.

**Paradise Lumber Co.** (Complaint No. 1638.) Charge (see charge in complaint No.1620, p.197).

Status: Awaiting respondent's brief.

**Paiton, Frank, Lumber Co.** (Complaint No. 1738.) Charge (see charge in complaint No.1736, p.186).

Status: In course of trial.

**Pecheur Lozeng Co.** (Complaint No. 1798.) Charge (see charge in complaint No.1792, p.182),

Status: At issue.

**Peet Bros. Co.** (Complaint No.1426.) Charge: That respondent, manufacturing soaps, uses the words "Crystal Cocoa," "Hardwater Castile" "Cocoa Castile," "Defender Castile" find "Rainbo Castile" in labeling and advertising soap consisting in substantial part of vegetable oils and animal fats, In some instances to the exclusion of olive oil; thereby deceiving purchasing public into erroneous belief that respondent's products consist in predominant part of olive oil.

Status: On suspense calendar to await decision of court of last resort in Docket 1110, in matter of James S. Kirk & Co.

**Pelican Bay Lumber. Co.** (Complaint No.1652.) Charge (see charge in complaint No.1620, p.197).

Status: Awaiting respondent's brief.

**Pelton, Albert L.,** trading as Ralston University Press. (Complaint No. 1615.) Charge: That respondent, engaged in sale of books, circulates false and misleading statements relative to what may be accomplished by anyone having knowledge of the information, sets, methods, and suggestions contained therein; thereby deceiving purchasing public into erroneous belief that a study of respondent's products will enable anyone to enjoy perfect health,

be immune from incurable diseases, and cured of those already contracted, and to develop physical and mental powers by which others may be dominated and controlled.

Status: Awaiting respondent's brief.

**Penick & Ford (Ltd.)** and Penick & Ford Sales Co. (Inc.). (Complaint No. 1580.) Charge: That respondents, manufacturing cane sirup, corn sirup, blended sirups, and molasses, has adopted and employs a system for maintenance of uniform resale prices, furnishes a sales agent to accompany agents of wholesale customers when calling on prospective customers, sends agents to canvass the retail trade of competitors of wholesale customers and purchases goods of competitors of wholesale customers selling same below cost, in an effort to further wholesale customers' business and establish what respondents designate as the 100 per cent policy ; that is, that wholesale customers purchase from respondents only, this sales cooperation being denied such customers who do not sell respondents' products exclusively ; thereby tending to hinder and suppress free competition, to the prejudice of the public and of respondents' competitors.

Status: At issue.

**Penman Peak Lumber Co.** (Complaint No.1628.) Charge (see charge in plaint No.1620, p.197).

Status: Awaiting respondent's brief.

**Perfect Voice Institute and Cook, T. G.** (Complaint No.1503.) Charge: That respondent, furnishing courses of instructions in voice culture, quotes fictitious prices and makes false and misleading statements based on a so-called Feuchtinger discovery of functions of the hyoglossus muscle; thereby deceiving purchasing public into erroneous belief that special, reduced prices are being quoted and that the hyoglossus muscle developed in accordance with respondent's instructions will make it possible for everyone to be successful in his vocal studies.

Status: Awaiting respondent's brief.

**Perpetual Encyclopedia Corporation**, North American Publishing Co. (Inc.), Source Research Council (Inc.), Frank J. Mackey, H. F. McGee, Harold C. Sherman, Robert T. Mackey, Edmund P. Rucker, Warren T. Davis, John J. Hennessey, Leonard C. Maier, Turney T. Cull), Russell O. Priebe, Emma L. Priebe, William H. Gorham, and George A. Seller. (Complaint No. 1371.) Charge: That respondents republished without substantial change the "Home and School Reference Work" (originally copyrighted in 1912 or 1915) under different names and as a new and up-to-date (1924) edition, employing with-out right the names of attorneys, fictitious corporate organizations, and collection agencies to further sale of said publication and to assist in coercing and blackmailing purchasers into payment of money on orders or contracts, substituting late copyright registration dates for actual date of such registration, falsely stating that well-known educators, scientists, and public officials are members of editorial staff and contributors, misrepresenting and grossly exaggerating sales prices, obtaining signed orders by subterfuge, misrepresenting quality of paper and binding, and offering additional books or extension service "free" when price of this purported gratuity is included in price paid for the books; thereby deceiving purchasing public into erroneous belief that respondents' product is an up-to-date superior publication, edited by well-known educators ; that reduced prices are being quoted and gratuities given.

Status: Awaiting briefs.

**Peterson, H. Josephine**, doing business under name of Peterson Institute of Diet. (Complaint No.1671.) Charge: That respondent, engaged in conducting dietary treatments and furnishing courses of instructions by correspondence, circulates false and misleading statements relative to curative value of diet; thereby deceiving purchasing public into erroneous belief that cancer and deafness are caused by imperfect nutrition and that both of them, together with many other diseases, can be cured by treatment by respondent.

Status: Awaiting briefs.

**Philadelphia Leather House**, trading as Western Tanning Co. (Complaint No.1835.) Charge: That respondent, engaged in distribution of leather, shoe findings, and shoe machinery, as a jobber under name of Philadelphia Leather House and as proprietor of a mail-order business with retail dealers under firm name of Western Tanning Co., advertises "Buy Direct from Us and Save the Difference " and " We Sell Our Leather Direct to the Man Who Uses It," etc. ; thereby deceiving purchasing public into erroneous belief that

respondent operates a tannery or factory, and that prices quoted are exclusive of middleman's profit.

Status: At issue.

**Pickering Lumber Co.** (Complaint No. 1641.) Charge (see charge in complaint No. 1620, p.197).

Status: Awaiting respondent's brief.

**Poust, Abraham,** and Poust, Jack, partners, trading as Pilsner Importing Co. and Pilsner Products Co. (Complaint No.1842.) Charge: That respondents, engaged in distribution of malt sirup products, purchased from manufacturer, Jacob Ruppert Brewing Co., New York City, to wholesale and retail dealers, cause such products to be shipped to them in containers bearing the words "Imported," "Sazer Hop Flavored" and affix to these containers labels reading "Imported Sazer Hop Flavored 100% Pure," and "Especially Selected, Cleaned and Malted by Our Own Process," together with the firm name of Pilsner Importing Co.; use the words "U-Blen-It-Ry-Age" An imported German Flavor " to designate a product containing no rye ; advertise themselves without authority as the representatives of Olime & Baler, of Leipzig, Germany; thereby deceiving purchasing public into erroneous belief that respondent's products are either Imported or malted by their special process, of ingredients of German origin.

Status: At issue.

**Progress Paint Co.** (Complaint No.1575.) Charge: That respondent, selling roofing materials, falsely claims to be a manufacturer, operating a million dollar factory the purported equipment of which is depicted on his trade literature, and to be manufacturing a roof coating designated "Asbestos-Ruf" which will keep roofs waterproof for 10 years ; thereby deceiving purchasing public into erroneous belief that respondent is an old-established firm, that prices quoted are exclusive of middleman's profit, and that "Asbestos-Ruf" sold by respondent is made of Ingredients specified and will continue to be waterproof for 10 years.

Status: At issue.

**Pro-phy-lac-tic Brush Co.** (Complaint No.1825.) Charge: That respondent, engaged in manufacture of tooth brushes and sale thereof to jobbers and retail dealers, has adopted and employs a system for maintenance of uniform resale prices, refusing to sell to dealers who do not maintain same, thereby tending to hinder and suppress free competition to the prejudice of the public and of respondent's competitors.

Status: At issue.

**Purity Bakeries Corporation.** (Complaint No. 1588.) Charge: Unlawful restraint and monopoly in that respondent, engaged in manufacture and sale of bakery and other food products, acquired capital stock of Purity Baking Co. and Grennan Bakers (Inc.), and a majority of capital stock of Nafziger Baking Co. and Winkleman Baking Co. ; thereby tending to substantially lessen competition, restrain commerce, and create a monopoly, in alleged violation of section 7 of Clayton Act. Status: At issue.

**Quaker City Chocolate & Confectionery Co.** (Complaint No.1773.) Charge (see charge in complaint No.1772, p. 193).

Status: At Issue.

**Quincy Lumber Co.** (Complaint No. 1640.) Charge (see charge in complaint No.1620, p. --).

Status: Awaiting respondent's brief.

**Radiant Specialty Co.,** Rose Fistel, Hyman Fistel, and Esther Fistel (Complaint No.1728.) Charge: That respondents, engaged in sale of electric-lamp fixtures, falsely represent that a lighting unit (sold by other dealers for approximately \$4) sold on the installment plan by respondents for approximately \$15.50, will consume less electricity than that in use by prospective purchaser, and secure signatures to contracts of sale on pretense of securing signatures to receipts for unit to be left on trial, placing attachments on property of alleged purchaser upon failure of payment ; thereby perpetrating a fraud and deceiving purchasing public into erroneous belief that respondents' product is a superior unit sold at a reasonable price, and tending to injure competitors who do not make use of such misrepresentation and fraudulent practices.

Status: At issue.

**Radio Corporation of America.** (Complaint No. 1529.) Charge: That respondent, engaged in sale of radio receiving sets, devices, tubes, and accessories and licensing of radio receiving patents, embodies a contract of sale in

its license agreements which tends to prevent licensees from using or dealing in radio tubes other than those sold by licensor ; thereby tending to hinder and suppress free competition, to the prejudice of the public and of respondent's competitors.

Status: At issue.

**Radium Ore Revigator Co.**, a Nevada corporation, and Radium Ore Revigator Co., a Delaware corporation. (Complaint No.1753.) Charge: That respondents, engaged in manufacture and sale of earthenware water jars designated as "Radium Ore Revigator," circulate false and misleading statements to there effect that water remaining In the jug 24 hours will materially benefit, and In some cases cure, some 27 diseases, and that United States Government approves use of these Jars ; thereby deceiving purchasing public in to erroneous belief that the jars possess therapeutic properties and have been indorsed by the United States Government.

Status: At issue.

**Redmond, D. G.**, trading as Milo Bar Bell Co. (Complaint No. 1714.)

Charge: That respondent, engaged In manufacture and sale of dumb bells, together with a course of Instructions to be used therewith, circulates false and misleading statements concerning the development to be made under this course of Instructions, using pictures to illustrate such development that have not been taken under the conditions stated ; thereby deceiving purchasing public into erroneous belief that respondent's apparatus used in accordance with instructions will rebuild and develop to an extent that is Impossible of attainment with such apparatus.

Status: Awaiting respondent's brief.

**Red River Lumber Co.** (Complaint No.1644.) Charge (see charge in com plaint No. 1620, p. 197.)

Status: Awaiting respondent's brief.

**Reichard, John F.** (Manchester Cigar Co.). (Complaint No.1459.) Charge: That respondent, engaged in manufacture of cigars, uses the words "Havana Cadet" on cigar bands and containers ; thereby deceiving purchasing public into erroneous belief that respondent's product Is made of tobacco grown on Island of Cuba.

Status: At issue.

**Rex Co.** (Complaint No. 1693.) Charge: That respondent, engaged in manufacture of insecticides and fungicides, and sale thereof to wholesale dealers, has adopted and employs a system for maintenance of uniform resale prices, allowing a materially larger trade discount to those dealers maintaining such prices, and allows different discount rates based upon a purely arbitrary classification of customers; thereby tending to hinder and suppress free competition to the prejudice of the public and of respondent's competitors, and discriminating in prices without regard to the quality or quantity of goods purchased or to status as wholesale or retail dealers, in alleged violation of section 5 of the Federal Trade Commission act and section 2 of the Clayton Act.

Status: At issue.

**Rockford Cabinet Co.** (Complaint No. 1520.) Charge: That respondent, engaged in manufacture of furniture, uses the words "Walnut," "Mahogany," "Combination mahogany and gum," etc., to designate furniture made of wood derived from trees other than those of walnut or mahogany family with exception of a veneer of walnut or mahogany on exposed parts, about one twenty-eighth of ran inch in thickness ; thereby deceiving purchasing public into erroneous belief that furniture so designated is composed entirely of mahogany or walnut wood.

Status: Before the commission for final determination.

**Rockford Chair & Furniture Co.** (Complaint No. 1521.) Charge: That respondent, manufacturing furniture, uses the words "Walnut" and "Mahogany" to designate furniture made of wood derived from trees other than those of walnut or mahogany family with exception of a veneer of walnut or mahogany on exposed parts, about one twenty-eighth of an inch in thickness; thereby deceiving purchasing public into erroneous belief that furniture so designated is composed entirely of mahogany or walnut wood.

Status: Before commission for final determination.

**Rockford National Furniture Co.** (Complaint No. 1522.) Charge: That respondent, manufacturing furniture, uses the words "Mahogany," "Walnut," "Combination Mahogany," etc., to designate furniture made of wood derived from trees other than those of walnut and mahogany family with exception of a veneer of walnut or mahogany on exposed parts, about one twenty-eighth of

an inch in thickness; thereby deceiving purchasing public into erroneous belief that furniture so designated is composed entirely of mahogany or walnut wood.

Status: Before the commission for final determination.

**Rockford Palace Furniture Co.** (Complaint No. 1523.) Charge: That respondent engaged in manufacture of furniture, uses the words "Walnut," "Mahogany," "Walnut and gumwood," etc., to designate furniture made of wood derived from trees other than those of walnut or mahogany family with exception of a veneer of walnut or mahogany on exposed parts, about one twenty-eighth of an inch in thickness; thereby deceiving purchasing public into erroneous belief that furniture so designated is composed entirely of mahogany or walnut wood.

Status: Before commission for final determination.

**Rockford Republic Furniture Co.** (Complaint No. 1524.) Charge: That respondent, manufacturing furniture, uses the words "Five-ply walnut tops, fronts and ends" and "All exterior walnut construction" to designate furniture made of wood derived from trees other than those of walnut family with exception of a walnut veneer on exposed parts about one twenty-eighth of an -Inch In thickness; thereby deceiving purchasing public into erroneous belief that furniture so designated is composed entirely of walnut.

Status : Before commission for final determination.

**Rockford Standard Furniture Co.** (Complaint No. 1525.) Charge: That respondent, engaged in manufacture of furniture, uses the words "Genuine Mahogany," "Genuine Walnut," "Combination Walnut," etc., to designate furniture made of wood derived from trees other than those of mahogany or walnut family with exception of a veneer of mahogany or walnut on exposed parts, about one twenty-eighth of an Inch in thickness; thereby deceiving purchasing public into erroneous belief that furniture so designated is composed entirely of mahogany or walnut wood.

Status: Before commission for final determination.

**Rockford Superior Furniture Co.** (Complaint No. 1526.) Charge: That respondent, manufacturing furniture, uses the words "Mahogany," "Walnut," "Genuine Mahogany," etc., to designate furniture made of wood derived from trees other than those of mahogany or walnut family with exception of a veneer of mahogany or walnut on exposed parts, about one twenty-eighth of an inch in thickness; thereby deceiving purchasing public into erroneous belief that furniture so designated is composed entirely of mahogany or walnut wood.

Status: Before commission for final determination.

**Rodda, R. E., Candy Co.** (Complaint No.1725.) Charge: That respondent, engaged in manufacture of candy and sale thereof. together with explanatory display cards. to wholesale dealers. distributes one assortment consisting of candies to be sold at 1 cent each, and a similar assortment consisting of candies to be sold at 5 cents each, with larger pieces of candy to be given as prizes to purchaser of the last piece of candy in each assortment and to purchaser who by chance selects a piece having a center of a specified color; and a third assortment consisting of wrapped pieces of candy to be sold at prices ranging from 1 to 5 cents, purchaser to pay whatever sum is set forth on a slip of paper concealed within the wrapper ; thereby supplying and placing in the hand of others the means of conducting a lottery, and tending to injure competitors who do not make provision for the disposal of their products by such means.

Status: At issue.

**Rotham, Isador, and Rotham, Emanuel M.,** partners, trading as Monroe Candy Co. (Complaint No.1774.) Charge (see charge In complaint No.1772, p.193).

Status: At issue.

**Royal Baking Powder Co.** (Complaint No. 540.) Charge: That respondent, engaged in manufacture and sale of baking powder, charges that competitors' products, which contain alum, to wit, sodium aluminum sulphate (Sas) are harmful, unhealthful, and dangerous to users thereof; thereby deceiving purchasing public into erroneous belief that only those baking powders that have no alum content may be used with safety, and tending to injure competitors who sell alumni baking powders.

Status : Awaiting trial. following decision In Court of Appeals of the District of Columbia dismissing with costs respondent's application to enjoin commission from vacating order of dismissal entered March 23, 1926, and reopening case for trial.

bearing the firm name, that special, reduced prices exclusive of middleman's profits are being quoted, mind that respondent's products are those of the well-known Goodyear Tire and Rubber Co.

Status : At issue.

**Smith, Herbert L.** (Complaint No. 1467.) Charge : That respondent, manufacturing cigars, some of which consist in part of Cuban tobacco, uses the words "Havana" and "Havana Brown" on cigar bands and containers ; thereby deceiving purchasing public into erroneous belief that respondent's products are made entirely of tobacco grown on island of Cuba.

Status : At issue.

**Snell Milling Co.,** Thomas E. Snell, J. A. Stevens, and Percy Myatt. (Complaint No. 1600.) Charge : That respondents, engaged in purchasing wheat flour from flour millers throughout the Middle West, and blending same with leavening agents, such as baking powder to produce what is known as "selfrising flour," use the words "Milling" and "Mills" in firm name and in the fictitious name "Peabody Mill Company" sometimes used by respondent, and use in advertising matter statements to the effect that respondent is in manufacturer ; thereby deceiving purchasing public into erroneous belief that respondents manufacture the products they sell, and that prices quoted are exclusive of middleman's profit.

Status: Awaiting briefs.

**Snyder, W. H.,** Snyder, R. P., and Snyder, Roger N. (W. H. Snyder & Sons). (Complaint No. 1441.) Charge : That respondents, manufacturing cigars in State of Pennsylvania, use the words "Havana Fruit" and "Havana Velvet" on cigar bands and containers; thereby deceiving purchasing public into erroneous belief that respondent's products are made of tobacco grown on island of Cuba.

Status: At issue.

**Spalding, A. G., & Bros.** (Complaint No.1583.) Charge : That respondent, manufacturing sporting goods, supplies many leading players in the country with golf balls free of charge, on condition that upon their finishing high in a tournament respondent shall publish advertisements stating that they used respondent's products, and upon their instructing at golf clubs, or conducting stores in connection therewith, respondent's balls shall be recommended and sold in preference to other balls ; thereby deceiving purchasing public in to erroneous belief that superiority of respondent's products constitutes the sole reason for their use by so large a percentage of leading players.

Status : At issue on amended complaint.

**Stanton, E. J., & Son.** (Complaint No.1740.) Charge (see charge in complaint No.1736, p 186).

Status : In course of trial.

**Spanish Peak Lumber Co.** (Complaint No.1642.) Charge (see charge in complaint No.1620, p.197).

Status : Awaiting respondent's brief.

**Standard Education Society** and Stanford, H. M (Complaint No.1574.) Charge: That respondents, engaged in the publication of encyclopedia, circulate false and misleading statements relative to regular price of book ; thereby deceiving purchasing public into erroneous belief that special reduced prices are being quoted, and that a limited number of books are given free of charge upon subscription to extension service.

Status: In course of trial.

**Sugar Pine Lumber Co.** (Complaint No. 1639.) Charge (see charge in complaint No.1620, p.197).

Status : Awaiting respondent's brief.

**Swayne Lumber Co.** (Complaint No. 1637.) Charge (see charge in complaint No.1620, p.197).

Status: Awaiting respondent's brief.

**Tailor-Made Shoe System and Triangle Factories** (Dustin, Forrest, and Rose, C. G.). (Complaint No. 1509.) Charge : That respondents, engaged in sale of shoes, advertise and represent that they are manufacturers of shoes ; thereby deceiving purchasing public into erroneous belief that prices quoted are exclusive of middleman's profit amid that shoes ordered from respondent are made on a last especially cut to measurements.

Status : At issue.

**Tarbell System (Inc.)** and T. G. Cooke. (Complaint No. 1721.) Charge: That respondents, engaged in furnishing correspondence courses of instructions for the teaching of magic, circulate false and misleading statements regarding

regular price of course, diplomas given, and positions held by former pupils ; thereby deceiving purchasing public into erroneous belief that respondents are quoting a special, reduced price, and that possession of diploma insures a lucrative position.

Status: Before commission for final determination.

**Textile Bag Manufacturers' Association**, its officers and members. (Complaint No.1765.) Charge : That respondent, a voluntary, unincorporated association of members engaged in manufacture of cotton amid burlap bags, and sale thereof to jobbers and wholesale dealers. has adopted and employs a system for maintenance of uniform resale prices, terms, discounts, and freight allowances ; thereby tending to suppress free competition to the prejudice of the public and of respondent's competitors.

Status: In course of trial.

**Textileather Co.** (Complaint No. 1585. ) Charge : That respondent, engaged in manufacture of a coated fabric resembling leather, uses the word "Textileather" as a part of firm name and uses trade names "Royaleather," "Modeleather," and "Krafthyde"; thereby deceiving purchasing public in to erroneous belief that respondent's products are made from hides of animals.

Status: At issue.

**Thinshell Candies (Inc.)**. (Complaint No.1852.) Charge : That respondent, engaged in manufacture of candy and sale thereof, together with punch boards having explanatory legends, to wholesale dealers and jobbers, distributes jars of candy to be given as prizes to persons who upon pummeling the board following payment of 5 cents for privilege of so doing, punch last hole in any one of four sections, the last hole in the board, or the mole concealing any of the members designated in the legend as prize numbers; thereby supplying and placing in the hands of others the means of conducting a lottery, and tending to injure competitors who do not make provision for the disposal of their products by such means.

Status : Awaiting answer.

**Titus Institute (Inc.)**, W. Harry Titus, and Ralph H. Sinclair. (Complaint No. 1681.) Charge: That respondents, furnishing correspondence courses of instructions in physical culture, make use of paid testimonials and pictures of persons, who have either not taken the course or whose pictures do not represent conditions specified, misrepresent physical development under the system, and falsely represent that the original founder, who died in 1925, still supervises students' work and gives financial awards for certain student accomplishments ; thereby deceiving purchasing public unto erroneous belief that respondents' course of instruction will produce results beyond those possible of accomplishment with the course given, and that financial awards are still being made.

Status: In course of trial.

**Tomlin Box Co.** (Complaint No.1646.) Charge (see charge in complaint No.1620, p.197).

Status: Awaiting respondent's brief.

**Tuvin, Louis A., and Byoir, Carl**, partners (Colloidal Chemists). (Complaint No.1691.) Charge : That respondents, engaged In manufacture and sale of a compound designated "Viaderma," designed to reduce flesh, circulate false and misleading statements as to quality and curative properties of the product and its approval by chemists and physicians ; thereby deceiving purchasing public into erroneous belief that respondent's product will reduce flesh by absorption.

Status: Awaiting answer.

**Ucanco Candy Co. (Inc.)**. (Complaint No. 1795.) Charge (see charge in complaint No.1785, p. 200).

Status: At issue.

Union Furniture Co. (Complaint No. 1517.) Charge: That respondent, manufacturing furniture, uses the words "Walnut," "Mahogany," "Walnut and Gumwood," to designate furniture made of woods derived from trees other than those of walnut or mahogany finally with exception of a veneer of walnut or mahogany on exposed parts, about one twenty-eighth of an inch in thickness ; thereby deceiving purchasing public into erroneous belief that furniture so designated Is composed entirely of walnut or mahogany.

Status : Before commission for final determination.

**United American Metals Corporation**. (Complaint No). 1745.) Charge : That respondent, engaged in manufacture and sale of nonferrous metal amid alloys, uses labels hearing the words "Government Genuine" with a depiction of the head of "Liberty" similar to that found on silver coinage of the United

States; thereby deceiving purchasing public into erroneous belief that respondent's products are made in accordance with Government specifications.

Status : In course of trial.

**Vandeweghe, Adiel, and Feshback, David.** (Complaint No.1383.) Charge : That respondent, Adiel Vandeweghe, engaged in dressing and dyeing Australian and New Zealand rabbit skins, stamps the trademark "Superior Seal" on back of each skin ; thereby placing in hands of others, Including respondent David Feshback, engaged in manufacture of garments therefrom, the means of deceiving purchasing public into erroneous belief that such garments are made from pelts of seals.

Status : Before commission for final determination.

**Vit-O-Net Corporation.** (Complaint No. 1679.) Charge: That respondent, engaged In manufacture and sale of electric blankets, circulate false and misleading statements relative to curative properties of blankets and their indorsement by prominent physicians, scientists, and hospitals; thereby deceiving purchasing public into erroneous belief that respondent products will cure any disease from which user may be suffering by revitalizing the cells of the body and charging the blood stream with electromagnetic energy, and that It Is highly indorsed by prominent physicians, scientists, and hospitals.

Status : Before commission for final determination.

**Voneiff-Drayer Co.** (Complaint No.1724.) Charge : That respondent, engaged in manufacture of candy and sale thereof, together with explanatory display cards, to wholesale dealers, distributes assortments of candies to be sold at 1 cent each, with larger pieces or packages of candy, to be given as prizes to purchaser of the last piece of candy in the assortment, and to purchaser who by chance selects a piece of candy having a center of a specified color ; thereby supplying and placing in hands of others the means of conducting a lottery, and tending to injure competitors who do not make provision for the disposal of their products by such means.

Status : At issue.

**Warner-Jenkinson Co.** (Complaint No. 1839.) Charge: That respondent, engaged in manufacture of extracts and concentrates and sale thereof to wholesale dealers under trade name of "Red Seal," uses labels bearing the words "Grape," "Cherry," "Orange," "Peach," and "Strawberry"; thereby deceiving purchasing public into erroneous belief that respondent's products are made of juices of fruits indicated.

Status : At issue.

**Wagh Equipment Co.,** Arthur Meeker, Frederick W. Ellis, and J. B. Scott. (Complaint No. 1779.) Charge : That respondent, Wagh Equipment Co., engaged in manufacture of railway equipment, endeavors to induce railway companies to place orders for equipment by promising through respondents Arthur Meeker, Frederick W. Ellis, and J. B. Scott, officers or stockholders of Armour & Co., certain volumes of freight traffic from that company in re turn for patronage, such traffic to be withdrawn if patronage is withheld ; thereby tending to lessen free flow of competition in sale of railway equipment and to Injure competitors who do not tender reciprocal patronage.

Status : In course of trial.

**Wells, J. A.,** Wilkerson, J. M., Johnson, H. P., and Johnson, Mrs. H. P. (State Milling Co. and Myrache Milling Co.). (Complaint No.1602.) Charge :

That respondents, engaged in purchasing flour from an mills located throughout Middle West, and blending same with leavening agents such as baking powder, to produce what is known as "Self-Rising Flour," use the word "Milling" in firm names, and use in advertising matter statements to the effect that respondents are manufacturers ; thereby deceiving purchasing public into erroneous belief that respondents manufacture products they sell and that prices quoted are exclusive of middleman's profit.

Status : Awaiting briefs.

**Wendelstein, Carl** (Carl Wendeistein & Co.). (Complaint No.1741.) Charge (see charge in complaint No.1736, p.186).

Status : In course of trial.

**West End Furniture Co.** (Complaint No.1518.) Charge : That respondent, manufacturing furniture, uses the words, "Walnut," "Mahogany," etc., to designate furniture made of wood derived from trees other than those of walnut or mahogany family with exception of a veneer of walnut or mahogany on exposed parts, about one twenty-eighth of an inch in thickness; thereby deceiving purchasing public into erroneous belief that furniture so designated is composed entirely of walnut or mahogany wood.

Status : Before commission for final determination.

**Western Hardwood Lumber Co.** (Complaint No. 1743.) Charge (see charge in complaint No.1736, p.186).

Status : In course of trial.

**Western Leather Clothing Co.** (Complaint No. 1820.) Charge : That respondents, engaged in manufacture and sale of leather cloth, uses labels bearing the words "Genuine Horse Hide" and represents that product is made from hides of horses; thereby deceiving purchasing public into erroneous belief that respondent's product thus labeled is a genuine leather product.

Status: Testimony closed ; waiting report of trial examiner.

**Wetchler, L., & Sons** (Wetchier, Isadore, and Wetchler, Solomon, partners), Old Gold Combination White Lead and Color Corporation, and Camel Lead Color and Chemical Products Manufacturing Co. (Complaint No. 1829.) Charge : That respondents, engaged in manufacture and sale of shellacs and paints, uses the words "Shellac Camel" in labeling and advertising a product containing other ingredients than shellac gum, and the words "White Lead" and "Zinc Lead" in labeling and advertising a product not containing lead and zinc in substantial quantities ; thereby deceiving purchasing public into erroneous belief that respondents' product consists entirely or in substantial part of the ingredients named.

Status: At Issue.

**Wheeling Steel Corporation,** John Wood Manufacturing Co., Detroit Range Boiler & Steel Barrel Co., W. A. Case & Son Manufacturing Co., Casy-Hodges Co. (Inc.), and Scaife Manufacturing Co. (Complaint No. 1461.) Charge :

That respondents, engaged in manufacture of range boilers, sell same at one fixed and lump sum, paying transportation charges to all parts of United States, which sum allows for a sufficiently large profit on sales near respondents' factories to cover loss sustained on shipments to Pacific coast markets ; thereby tending to injure competitors, National Steel Construction Co. of Seattle, and National Boiler and Manufacturing Co. of Los Angeles, whose transportation charges on raw materials, which are produced in the East, are in excess of those of respondents, and discriminating against the purchasing public conducting business near respondents' factories, in alleged violation of section 5 of Federal Trade Commission act and section 2 of Clayton Act.

Status : At issue.

**White Pine Lumber Co.** (Complaint No. 1664.) Charge (see charge in complaint No.1620, p.197). Status : Awaiting respondent's belief.

**Whitney, E. K.;** individually and trading as Motor-Snap Co., and Whitney Sales Co. (Complaint No.1747.) Charge: That respondent, engaged in sale of a product designated "Motor Snap-Gas-Garets," circulates false and misleading statements regarding higher engine efficiency obtained by placing these tablets in gasoline tank of an automobile or other motor vehicle; thereby deceiving purchasing public into erroneous belief that respondent's product will dissolve carbon and give at least one-third more mileage.

Status : At Issue.

**Whitney, L. M.,** individually, and trading as Motor Snap Co., and Whitney Sales Co. (Complaint No.1759.) Charge: That respondent, engaged in sale of a product designated "Motor Snap-Gas-Garets," circulates numerous false and misleading statements regarding higher engine efficiency obtained by placing these tablets in gasoline tank of an automobile or other motor vehicle ; thereby deceiving purchasing public into erroneous belief that respondent's product will dissolve carbon and give at least one-third more mileage.

Status : Awaiting respondent's brief.

**Williams, Ichabod T., & Sons,** Thomas Williams, Thomas R. Williams. Thomas Blagdon Williams, D. S. Williams, and Edward Williams. (Complaint No. 1746.) Charge : That respondent, engaged in sale of lumber and other wood products to lumber dealers and manufacturers of furniture, represent certain of their products as mahogany, and/or African mahogany, genuine mahogany, etc.; thereby deceiving purchasing public into erroneous belief that such products consist of wood derived from trees of the mahogany family.

Status : At Issue.

**Winnebago Manufacturing Co.** (Complaint No. 1519.) Charge : That respondent, manufacturing furniture, uses the words "Mahogany," "Walnut," "Combination mahogany," etc., to designate furniture made of wood derived from trees other than those of mahogany or walnut family with exception of a veneer of mahogany or walnut on exposed parts, about one twenty-eighth of

an inch in thickness ; thereby deceiving purchasing public into erroneous belief that furniture so designated is composed entirely of mahogany or walnut wood.

Status : Before commission for final determination.

**Yekum Bros. (Inc.).** (Complaint No. 1438.) Charge : That respondent, engaged in manufacture of cigars in State of Pennsylvania, uses the words "Spana-Cuba" on cigar ban(is and containers ; thereby deceiving purchasing public into erroneous belief that respondent's products are made of tobacco grown on island of Cuba.

Status : At issue.

**Zapon Leather Cloth Co.** (Complaint No.1586.) Charge : That respondent, manufacturing imitation leathers, uses the word "Leather" in firm name, and uses trade names "Leather Cloth," "Moleskin," "Pinto," "Mustang," and "Broncho"; thereby deceiving purchasing public into erroneous belief that respondent's products are made from bides of animals.

Status : At issue.

**Ziegler, George, Co.** (Complaint No. 1787.) Charge : That respondent, engaged In manufacture of candy and sale thereof, together with explanatory display cards, to wholesale dealers and jobbers, distributes an assortment consisting of pieces of candy to be sold at 1 cent each, and larger pieces of candy and pieces of merchandise to be given as prizes to purchaser of last piece of candy in the assortment and to purchaser who by chance selects a piece having a center of a specified color ; thereby supplying and placing in hands of others the means of conducting a lottery, and tending to injure competitors who do not make provision for the disposal of their products by such means.

Status : At issue.

*Complaints Pending, Numerical List*

Complaint No.	Company
238	Hoover Suction Sweeper Co.
540	Royal Baking Powder Co.
962	Bethlehem Steel Corporation, Bethlehem Steel Co., Bethlehem Steel Bridge Corporation, Lackawanna Steel Bridge Works Corporation, Midvale Steel & Ordnance Co., and Cambria Steel Co.
1263	National Leather & Shoe Finders' Association and others.
1329	Armand Co. (Inc.), and others.
1371	Perpetual Encyclopedia Corporation, North American Publishing Co. (Inc.), Source Research Council (Inc.), and others.
1379	Great Northern Fur Dyeing & Dressing Co.
1381	Golden Fur Dyeing Co. (Inc.), Samuel Jacobs and Isidoir Sachs (Jacobs & Sachs).
1383	Vandeweghe, Adiel, and Feshback, David.
1384	Singer, Philip A., & Bro., and Gelberg, Herman, and Schwartin.
1423	Armour & Co. and Armour & Co. of Delaware.
1424	Globe Soap Co.
1425	Cincinnati Soap Co.
1426	Peet Bros. Co.
1438	Yokum Bros.
1441	Snyder, W. H., Snyder, R. P., and Snyder, Roger N. (W. H. Snyder & Sons).
1442	Brooks, T. E. (T. E. Brooks & Co.).
1443	Herman, John C., and Edwin S. (John C. Herman & Co. )
1452	Inecto (Inc.).
1453	Fleck Cigar Co.
1458	San Martin & Leon Co. (Inc.).
1459	Reichard, John F. (Manchester Cigar Co.).
1461	Wheeling Steel Corporation, John Wood Manufacturing Co., Detroit Range Boiler & Steel Barrel Co., W. A. Case & Son Manufacturing Co., Casy-Hodges Co. (Inc.), and Scaife Manufacturing Co.
1465	Havatampa Cigar Co.
1467	Smith, Herbert L.
1498	Arrow-Hart & Hegeman (Inc.) and Arrow-Hart & Hegeman Electric Co.
1499	Royal Baking Powder Co.
1503	Perfect Voice Institute and Cook, T. G.
1507	Madison, Dr. Robert, Laboratories (Inc.) and Madison, Rodney.
1508	American Poultry School and Quisenberry, T. E.

Complaint No.	Company
1500	Dustin, Forrest, and Rose, C. G. (Tailor-Made Shoe System and Triangle Factories).
1510	Hoyt Bros. (Inc.).
1515	Empire Manufacturing Co.
1516	Mechanics Furniture Co.
1517	Union Furniture Co.
1518	West End Furniture Co.
1519	Winnebago Manufacturing Co.
1520	Rockford Cabinet Co.
1521	Rockford Chair & Furniture Co.
1522	Rockford National Furniture Co.
1523	Rockford Palace Furniture Co.
1524	Rockford Republic Furniture Co.
1525	Rockford Standard Furniture Co.
1526	Rockford Superior Furniture Co.
1527	Aetna Fire Brick Co. and 55 other firebrick manufacturing companies, Brooke, J. J., jr., Donahoe, Frederick W., Hopwood, H. H., and McKinley, J. M
1529	Radio Corporation of America.
1531	Mulhens & Kropff (Inc.).
1549	MacFadden Publications (Inc.).
1551	Belline, L. A. (Cooperative Book Co.).
1558	Blanton Co.
1561	Manchester Shoe Co., Dustim, Forrest, and Rose, C. G.
1564	Fayro Laboratories (Inc.).
1567	Franklin Paint Co.
1570	Limoges China Co., Sebring, Pottery Co., Salem China Co., and Crescent China Co.
1571	Mutual Publishing Co., Shelton, C. J., Bufton, H. A., Publishers Acceptance Corporation, Neargard, P. I., Thompson, T. E., Critziner, Carl, Educators Service Association, Thomas, A. C., and Bufton, H. A.
1573	Madison Paint Co.
1574	Standard Education Society; and Stanford, II. M
1575	Progress Paint Co.
1576	NuGrape Co. of America.
1577	Natural Health Association (Inc.) Botwen, Morris, and Ross, Edwin J.
1580	Penick & Ford (Ltd.), and Penick & Ford Sales Co. (Inc.).
1581	Cox, C. N. (Norton Institute).
1583	Spalding, A. G., & Bro.
1584	Flynn & Emrich Co.
1585	Textileather Co.
1586	Zapon Leather Cloth Co.
1587	Sanford Mills, Kendall, O. F., Mertz, W. H., Nelson, J. E., Clemons, James, Hopwell, Henry C., Underbill, W. P., L. C. Chase & Co.
1588	Purity Bakeries Corporation.
1589	Continental Steel Corporation.
1597	Royal Milling Co., Empire Milling Co., and Richland Milling Co., McGraw, John, and Glennon, E. A., partners.
1598	Johnson, D. V. (Tennessee Grain Co. and Tennessee Milling Co.).
1599	Nashville Roller Mills, John Schultz, Louis Baujan, and Virgil S, Typper.
1600	Snell Milling Co., Thomas E. Snell, J. A. Stevens, and Percy Myatt.
1601	McCarthy, Francis J. (Wautaga Milling Co., Modern Milling Co., F. J. McCarthy Milling Co., Southern Flour Mills Co., and Star Mills).
1002	Wells, J. A., Wilkerson, J. M., Johnson, H. P., and Johnson, Mrs. H. P., partners (State Milling Co. and Myracle Milling Co.).
1603	Cooke, L. L., school of electricity.
1604	Faircloth, E. C., jr., Faircloth, E. C., sr., Evers, F. B., and estate of Evers, C. K., partners (Cherokee Mills).
1607	Old Hickory Mills, J. Frank Foster, James Willis, R. W. Condon, and D. L. Anderson.
1609	Breitbart Institute of Physical Culture (Inc.).
1615	Pelton, Albert L. (Ralston University Press).
1617	Miller, Louis A. (Southern Milling Co.).
1620	Long-Bell Lumber Co.
1621	Clover Valley Lumber Co.

Complaint No.	Company
1623	Castle Crag Lumber Co.
1624	Davies-Johnson Lumber Co.
1025	Diamond Match Co.
1620	California Fruit Exchange.
1627	Likely Lumber Co.
1628	Penman Peak Lumber Co.
1629	Feather River Lumber Co.
1030	California Door Co.
1631	Kesterson Lumber Co.
1632	Hobart Estate Co.
1633	Fruit Growers' Supply Co.
1635	McCloud River Lumber Co.
1636	Siskiyou Lumber Co.
1637	Swayne Lumber Co.
1638	Paradise Lumber Co.
1639	Sugar Pine Lumber Co.
1640	Quincy Lumber Co.
1641	Pickering Lumber Co.
1642	Spanish Peak Lumber Co.
1643	Lassen Lumber & Box Co.
1644	Red River Lumber Co.
1645	Owen-Oregon Lumber Co.
1646	Tomlin Box Co.
1647	Big Lakes Box Co.
1648	Ewauna Box Co.
1049	Forest Lumber Co.
1650	Klamath Lumber & Box Co.
1651	Lamm Lumber Co.
1652	Pelican Bay Lumber Co.
1654	Algoma Lumber Co.
1655	Chiloquin Lumber Co.
1656	Shaw Bertram Lumber Co.
1657	Braymill White Pine Co.
1658	California-Oregon Box & Lumber Co.
1662	Cady Lumber Corporation.
1663	George E. Breece Lumber Co.
1664	White Pine Lumber Co.
1665	Blair Bros. Lumber Co.
1666	Oak Valley Lumber Co.
1671	Peterson, H. Josephine (Peterson Institute of Diet).
1073	Bates, W. H. (Central Fixation Publishing Co.).
1675	Artloom Corporation (Artloom Rug Mills).
1670	Crown Overall Manufacturing Co.
1677	Homan, John G. (New Science Institute).
1678	Sittenfeld, George M (Goodyear Manufacturing Co.).
1679	Vit-O-Net Corporation.
1680	American Business Builders (Inc.), W. M Ostrander and Seth Moyle.
1681	Titus Institute (Inc.), W. Harry Titus and Ralph H. Sinclair.
1683	Asbestos Shingle, Slate & Sheathing Co.
1685	Kemper Silks Co. (Inc.).
1688	Coty (Inc.).
1689	McKesson & Robbins (Inc.).
1691	Tuvin, Louis A., and Byoir, Carl, partners (Colloidal Chemists).
1692	Benedict Stone (Inc.).
1693	Rex Co.
1697	Black, Frank W., Howton, Walter, and Leonhart, Max (Frank W. Black & Co. and Griffitts Engraving Co.).
1698	Cassoff, L.F. (Central Paint & Varnish Co., Central Shellac Works, and Cumberland Paint Works).

- 1699 Curtis Candy Co.
- 1700 Citrus Products Co.
- 1703 Bleadon-Dun Co.
- 1704 National Silver Co., Samuel E. Bernstein (Inc.), and Samuel E. Bernstein.
- 1711 Abrams, Irving A. (Globe Scientific Co.).
- 1714 Redmond, D. G. (Milo Bar Bell Co.).

Complaint No.	Company
1715	Lomax, H. L. (Lomax Rung Mills).
1718	Domino House (Inc.) and Margaret Sullivan.
1721	Tarbell System (Inc.) and T. G. Cooke.
1722	Gropper, M J., & Sons (Inc.).
1723	Murray, Arthur (Arthur Murray School of Dancing).
1724	Voneiff-Drayer Co.
1725	Rodda, R. E., Candy Co.
1726	California Preserving Co. (Inc.).
1727	Mechanical Manufacturing Co., R. O'Hara and W. A. Mayfield.
1728	Radiant Specialty Co., Rose Fistel, Hyman Fistel, and Esther Fistel.
1730	Leadite Co. (Inc. )
1731	Berliner, Edwin E. Burton, Frederick A., and Hochimeimer, Lawrence, partners, trading as Edwin E. Berliner & Co.
1732	Arnold Stone Co. (Inc.).
1733	Billings-Chapin Co.
1734	Sea Sled Corporation.
1735	Louis Bossert & Sons (Inc.)
1736	Black & Yates (Inc.).
1737	Pacific Door & Sash Co.
1738	Frank Paxton Lumber Co.
1739	Gillespie, F.H., Gillespie, M.L., and MacDougall, A.F., partners. trading as Gillespie Furniture Co.
1740	Stanton & Son, E. J.
1741	Wendelstein, Carl, trading as Carl Wendelstein & Co.
1742	Chicago Warehouse Lumber Co.
1743	Western Hardwood Lumber Co.
1744	Cadwallader-Gibson Co. (Inc.).
1745	United American Metals Corporation.
1746	Williams, Ichabod T, & Son, Thomas Williams, Thomas R. William, Thomas Blagdon Williams, D. S. Williams, and Edward Williams
1747	Whitney, E. K., Individually and trading as Motor-Snap Co. and Whitney Sales Co.
1749	New England Electrical Fixture Co. (Inc.).
1750	Knapik, Thomas, and Erickson, George W., partners, trading as Knapik & Erickson.
1751	Matthews Co. (Inc.).
1752	American Radium Products Co. (Nell M Jones and Robert D. Emery, partners).
1753	Radium Ore Revigator Co., a Nevada corporation, and Radium Ore Revigator Co., a Delaware corporation.
1754	Cohen, Goldman & Co. (Inc.).
1755	Mercerizer Association of America, its officers and members.
1756	Bailey Radium Laboratories (Inc.) and William J. A. Bailey.
1757	Rubber City Paint Co. and Bell Paint Co.
1758	Laziei, J. F., Manufacturing Co. (Inc.).
1759	Whitney, L. M., Individually, and trading as Motor Snap Co. and Whitney Sales Co.
1760	National Pastry Products Corporation.
1761	Lewis Bro. (Inc.).
1763	Amusement Novelty Supply Co. (Max Kenner and Samuel Graubark, partners).
1765	Textile Bag Manufacturers' Association, its officers and members.
1766	Agmel Corporation.
1767	Mohawk Asbestos Slate Co. (Inc.).
1708	Dart Boats (Inc.).
1769	Sexton Manufacturing Co.
1770	Mennie, F. L., trading as Mineral Coal Saver Co., Mennie Manufacturing
1771	Co. and M and K. Manufacturing Co. Liederman, Earle E.
1772	Heldelberger Confectionery Co.
1773	Quaker City Chocolate & Confectionery Co.
1774	Rotham, Isador, and Rotham, Emanuel M., partners, trading as Monroe Candy Co.
1775	Ben-Burk (inc.).

Complaint No.	Company
1776	Madison Mills (Inc.).
1777	Chatham Manufacturing Co.
1779	Waugh Equipment Co., Arthur Meeker, Frederick W. Ellis, and J. B. Scott.
1780	Shainin, Isaac, Shainin, Solomon, Shainin, Bernard, and Shensin, Jesse, partners, trading as Isaac Shainin & Co.
1782	Kotex Co.
1783	Associated Knitting Mills Outlet Co. (Inc.).
1785	Minter, Clayton A., and Minter, Ira W., partners, trading as Minter Bros.
1786	Hardie Bros. Co.
1787	Ziegler, George, Co.
1788	Elmer Candy Co.
1789	Luden's (Inc.).
1790	Margarella, Pasquale.
1791	Blackhawk Candy Co.
1792	Advance Candy Co. (Inc.).
1793	Schwarz & Son (Inc.).
1794	Euclid Candy Co.
1795	Ucanco Candy Co. (Inc.).
1796	Shotwell Manufacturing Co.
1797	Clark, D. L., Co.
1798	Pecheur Lozenge Co.
1799	International Gum Corporation.
1800	Charms Co.
1801	Kalb, Sam, and Kalb, George, partners, trading as Kalb Bros.
1802	National Candy Co. (Inc.).
1803	Headley Chocolate Co.
1804	Green field's, E., Sons (Inc.).
1805	Schutter-Johnson Candy Co.
1806	American Caramel Co.
1807	American Candy Co.
1808	Metro Chocolate Co. (Inc.).
1809	Rudy Chewing Gum Co.
1810	Goldenberg, D. (Inc.).
1811	Bunte Bros. (Inc.).
1812	Charles F. Adams (Inc.).
1813	Lewis, Edgar P. & Son (Inc.).
1814	Old Colony Candy Co.
1815	No-Ring Corporation, American Druggists' Syndicate (Inc.).
1816	Keppel, R. F., & Bro. (Inc.).
1817	Johnson, Walter H., Co.
1818	Henry, DeWitt P., Co.
1819	Cliquot Club Co.
1820	Western Leather Clothing Co.
1821	Crosse & Blackwell, a corporation of London, England, and Crosse & Blackwell, a corporation of Baltimore, Md.
1822	Overland Candy Co.
1923	Geiger Candy Co.
1824	Libbey, W. S., Co.
1825	Pro-phy-lac-tic Brush Co.
1826	Hurty-Peck & Co.
1827	Shure, N., Co.
1828	Sheldon, Albert K.
1829	Wetchler, Isadore, and Wetchler, Solomon, partners trading as L. Wetchler & Sons, Old Gold Combination White Lead and Color Corporation, and Camel Lead Color and Chemical Products Manufacturing Co.
1830	McLaren Consolidated Cone Corporation.
1831	Johnson-Fluker Co.
1832	Fleer, Frank H., Corporation.
1833	Nessler, Charles, trading as C. Nestle Co. and Society for the Advancement of Hair and Beauty Science, and Nestle-LeMur Co. (Inc.).
1834	Aviation Institute of U. S. A. (Inc.).
1835	Philadelphia Leather House, trading as Western Tanning Co.
1836	Colgate-Palmolive-Peet Co.

Complaint No.	Company
1838	Natural Eyesight Institute (Inc)
1839	Warner-Jenkinson Co.
1840	Idaho Coal Dealers Association, Utah Coal Producers Association, and Retail Fuel Dealers Association of Utah, and their officers and named members.
1841	Badger Candy Co.
1842	Poust, Abraham, and Poust, Jack, partners, trading as Pilsner Importing Co. and Pilsner Products Co.
1943	Canada's Pride Products Co. (Inc.).
1844	Health Laboratories (Inc.).
1845	La Lasine International (Inc.).
1846	Magnecoil Co. (Inc.).
1847	Bradley Boston (Inc.).
1848	Crancer, L. A., and Fleischman, G. B., partners, trading as Allegheny Tube & Steel Co., Coupling Manufacturing Co., Erie Iron & Tube Co., Illinois Steel Products Co., Westinghouse Union Co., Pittsburgh Malleable Fittings Co., and Plumbers National Supply Co.
1849	Karcher, A., Candy Co.
1850	Jenkins, Edward L., and Auten, Myrtle E., partners trading as Cheri.
1851	American Institute of Montalism, trading as A. Victor Segno, A. D. Segno, Segno Success Club. and American Institute and Life Culture Association, Mrs. A. D. Robinson, and H. T. Robinson.
1852	Thinshell Candles (Inc.).

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## STIPULATIONS APPROVED AND ACCEPTED

(Copies of statements covering these stipulations may be had upon request to the commission)

During the fiscal year ending June 30, 1930, the commission approved and accepted stipulations Nos. 405 to 672, both inclusive, wherein respondents agreed to cease and desist from certain alleged unfair methods of competition, thereby disposing of pending applications for complaints involving unfair practices as follows :

405. **Beverages; Malt Sirups.**--Using the name and Canadian address of a subsidiary, together with Canadian insignia, on labels and printed matter descriptive of domestic products of another subsidiary located in New York City, whose products are neither imported nor made of ingredients of foreign origin.

406. **Toy Airplanes.**--Using in advertising matter a picture of a large building having a display sign on the front when engaged only in a small business manufacturing toy airplanes and the repair parts for same, and occupying only two rooms in a small building.

407. **Motor Boats.**--Using the word "Mahogany" to designate parts of motor boats which are made of wood derived from trees other than those of the mahogany family.

408. **Overalls.**--Advertising that overalls are "shrunken" when the material from which they are made has not been shrunk.

409. **Shirts.**--Using the word "Manufacturing" in firm name when neither owning nor operating mills.

410--411. **Jewelry; Diamond Rings.**--Using the advertisement "Diamond Ring. Must Sell For Quick Cash \$100" when there is no emergency compelling immediate sale and the sale is in line with those made in the regular course of business.

412. **Soap.**--Using the word "Naphtha" to designate soap containing not more than 1 per cent of naphtha at time of sale.

413. **Soap.**--Using the word "Naphtha" to designate soap containing not more than 1 per cent of naphtha at time of sale.

414. **Soap.**--Using the word "Naphtha" to designate soap containing not more than 1 per cent of naphtha at time of sale.

415. **Milk.**--Using the designation " Certified Dairies " when the milk distributed has been neither inspected nor certified.

416. **Woolen Goods.**--Using the word " Mills " when neither owning nor operating mills.

417. **Flavors and Sirups.**--Using the words "Maple Flavored" to designate a product containing no maple sugar or sap of the maple tree.

418. **Luggage.**--Using the word "Nuhide" to designate luggage made of material other than leather.

419. **Woolens and Velveteens.**--Using the word "Mills" in firm name when neither owning nor operating mills.

420. **Wrist-Watch Straps.**--Using the words "English Leather Straps" to designate products imported from Germany.

421. **Hardwoods; Mahogany.**--Using the words "Brazilian Mahogany" to designate woods derived from trees other than those of the mahogany family.

422. **Furnaces.**--Representing to prospective purchasers that a change to an agency for another line of furnaces and severance of connection with the former employer arose from unwillingness to sell the cheapened product that was being put out when in truth the product has not been cheapened and the severance of business relations was due to other causes.

423. **Women's Cloth Coats.**--Using the word "Wombat" to designate a garment not made of the fur of wombats.

424. **Woolens and Dress Goods.**--Using the word "Mills" in firm name when neither owning nor operating mills.

425. **Incinerators.**--Using such statements as "Adopted exclusively by the Quartermaster General's Department, the Navy, the Veterans' Bureau, and all other Governmental Agencies" when such are not the facts.

426. **Typewriter Ribbons.**--Using the trade name "Silkcloth" to designate products not made of silk.

427. **Dress Goods; Mail Orders.**--Using the word "Mills" in firm name when neither owning nor operating mills, and advertising certain articles as "free" when the cost of the purported gratuity is included in the price paid by the purchaser for the merchandise with which it is alleged to be given free of charge.

428. **Woolens and Dress Goods.**--Using the word "Mills" in firm name when neither owning nor operating mills.

429. **Sales-Promotion Schemes; Advertising.**--Selling to merchants merchandise and advertising literature which furnishes the means for conducting a lottery; claiming to be a manufacturer selling some goods at factory cost, when neither owning nor operating mills and selling all merchandise at a profit.

430. **Candles.**--Using the word "Beeswax" to designate candles not made in substantial part of beeswax.

431. **Hosiery.**--Using the words "Rayon Silk" amid "Fashioned Ankles" to designate hosiery not fabricated from silk, and not manufactured in accordance with the process known as "fashioned."

432. **Beverages; Concentrates.**--Using the slogans "Flavors are fruit concentrates" and "Every ounce an orchard," together with the names of certain fruits in large, heavy type, accompanied by the word "Imitation" in much smaller type, in advertising and/or labeling products not made in substantial part from the juices or the fruits indicated.

433. **Matches.**--Packing defective goods from their own factory in containers bearing fictitious name and the address of a city in which is located a match manufacturing company having a name somewhat similar to the fictitious name used.

434. **Shellacs.**--Using the trade name "White Shellac" without the word "Compound" in equally conspicuous type, to designate a product consisting in substantial part of shellac gum dissolved in alcohol, and without the word "Substitute" in equally conspicuous type to designate a product in which shellac gum is not the principal ingredient.

435. **Oleomargarine.**--Using the slogan "Churned especially for lovers of good butter" and "Government Inspected and O. K'd by Uncle Sam," to designate a product consisting in substantial part of ingredients other than those of which creamery butter is made, and not inspected by the United States Government.

436. **Underwear and Hosiery.**--Representing a rayon product manufactured from cellulose, as being superior to rayon.

437. **Silverware, Cutlery, and Novelties.**--Using the words "Nickel Silver" "Platinum Finish," "Gold Lined," etc., to designate products of a character other than that indicated, and marking same with prices in excess of those at which it is intended the article shall be sold.

438. **Soap Products.**--Representing that a product, which is in the form of soap flakes, will sterilize cotton, dishes, etc., when such product is not sufficiently concentrated to so function.

439. **Overalls.**--Charging to manufacture "union made" overalls, when neither owning nor operating mills, and not buying from manufacturers employing union labor.

440. **Cotton Goods.**--Using the word "Satin" to designate a product not fabricated from silk.

441. **Motor Boats, Cruisers, and Submarines.**--Using the word "Mahogany" to designate certain parts of motor boats, cruisers, and submarines which are made of wood derived from trees other than those of the mahogany family.

442. **Process Printing; Stationery.**--Using the words "Printing and Engraving" and "Plateless Engraving," to designate a raised-lettering effect that is, produced by a form of process printing, rather than by Engraving.

443. **Jewelry.**--Using the words "Ruby," "Sapphire," "Amethyst," "Pearl," "Ivory," "Amber," "Platinum," and "Silverware" to designate articles of a character other than that indicated; using the word "Insured" to indicate guaranty against defects in material and workmanship; and representing in bad faith that accounts have been placed in the hands of a collection agency and that debtors are rendering themselves liable to criminal prosecution.

444. **Stationery.**--Simulating trade names and symbols of competing firms in such a way as to imply association with these firms, when no business connection exists, and using the words "Printing" and "Manufacturing," when neither owning nor operating factory or printing establishment.

445. **Shellacs.**--Using the word "Shellac" without the word "Compound" in equally conspicuous type, to designate a product consisting in substantial part of shellac gum cut in alcohol, and without the word "Substitute" in equally conspicuous type, to designate a product in which shellac gum is not the principal ingredient.

446. **Razor and Razor Blades.**--Using the words "Free" and "Give" when the price of the purported gratuity is included in the price paid by the purchaser for the merchandise with which it is alleged to be given free of charge.

447. **Sponges and Chamois.**--Using the terms "Operating Our own Packing Houses at Tarpon Springs, Florida. Batabano, Cuba," and "Importer and Exporter" when neither owning nor operating packing houses at the places designated, nor importing or exporting products.

448. **Advertising Signs; Raised Opal Glass Letters.**--Using a word from the trade name of another company, thus implying association with that company, when no business connection exists.

449. **Cotton Threads.**--Using the words "Linen processed" to designate a product not made of linen.

450. **Flannel Cloth.**--Using the word "Mills" in firm name, when neither owning nor operating mills.

451. **Electrical Appliances.**--Advertising a specially built infra-red ray therapeutic lamp and using the words "Special Price," when the lamp possesses no special features, and is being sold at the regular price, the declared intention of raising the price on a special date being made in bad faith.

452. **Electric Clocks.**--Representing clocks as controlled and corrected by United States Naval Observatory time, when such is not the fact.

453. **Sweaters and Knit Wear.**--Using the words "Knitting" and "Mills" in firm name, when neither owning nor operating mills.

454. **Pharmaceuticals; Drug Sundries.**--Using a trade name of a large drug company, thereby implying association with that company, when no business connection exists.

455. **Sweaters and Knit Goods.**--Using the words "Knitting" and "Mills" in firm name and in advertising matter, and the word "Manufacturers" in advertising matter, when neither owning nor operating mills.

456. **Meat Curing Preparations.**--Advertising that competitors' products are dangerous and deleterious to health, when such is not the fact.

457. **Jewelry; Watches.**--Using the words "Manufacturers" and "Factory" when engaged in the importation of watch movements and neither owning nor operating factories.

458. **Courses of Instructions in Resilvering and Replating.**--Falsely claiming to be owners of 14 patent grants and copyrights pertaining to the art of plating or silvering, and advertising as a "special price" the price at which the course is regularly sold.

459. **Pharmaceuticals; Livestock Remedies.**--Advertising that remedies contain the same ingredients as those of a competitor, and possess curative properties, when such are not the facts; using testimonials that are unauthorized.

460. **Cigars.**--Using the word "Havana" to designate cigars not made entirely of tobacco grown in Cuba, without setting forth in type equally conspicuous, the fact that such are not made entirely of Cuban tobacco.

461. **Pharmaceuticals; Medicinal Supplies.**--Using a word to indicate that a product is made of a high grade of glass like the product of a competitor, when such is not the fact.

462. **Stereopticon Song Slides.**--Using words and a photograph in advertising, thereby implying association with a competitive company when no business connection exists.

463. **Knit Goods.**--Using the words "Knitting" and "Mills" in firm name, when neither owning nor operating mills.

464. **Woolen Goods.**--Using the word "Mills" in firm name and in advertising matter, when neither owning nor operating mills.

465. **Woolen and Dress Goods.**--Using the word "Mills" in firm name and in advertising matter, when neither owning nor operating mills.

466. **Jewelry; Watchcases.**--Making use of trade and/or firm name similar to that of a competitor, thereby implying that products are manufactured by such competitor, when no business connection exists,

467. **Paper Products.**--Using the word "Mills" in firm names when neither owning nor operating mills; implying association with competitor by simulation of trade name, when no business connection exists.

468. **Gifts, Premiums, and Novelties.**--Using the words "Jade and Ivory," "Pearl and Ivory," "Mahogany and Ivory," and "Ebony Finish," to designate products made of materials other than those indicated; Using the word "Free," when the price of the purported gratuity is included in the price paid by the purchaser for the merchandise with which it is alleged to be given free of charge; handling a device which involves the conducting of a lottery.

469. **Tobacco Products.**--Using the word "Manufacturers" when neither owning nor operating factories; Using the words "Nicotine-freed," "Denicotinized," "Harmless," etc., when products are not harmless nor free from nicotine.

470. **Cellulose Products.**--Using the words "Rayon" and "Silk" to designate products not fabricated from rayon or silk.

471. **Candles.**--Using the words "Altar," "Rubricol," and "Candlemas" to designate candles not made in conformity with established ecclesiastical requirements; Using the words "Beeswax," "Stearic Acid," or "Stearine" to designate candles without indicating in type equally as conspicuous that such candles are not made wholly from beeswax or stearic acid.

472. **Chewing Gum.**--Using the word "Cimicie" to designate gum that does not have chicle gum as its base; using the word "Free" when the cost of the purported gratuity is included in the price paid by the purchaser for the merchandise with which it is alleged to be given free of charge.

473. **Sweaters, Bathing Suits, Knit Goods.**--Using the words "Knitting" and "Mills" in firm name and in advertising matter, together with the slogans "Direct from mill to wearer" and "Made in our mills," when neither owning nor operating mills.

474. **Beverages; Concentrates and Sirups.**--Using the word "Cherry" either alone or in connection with the word "Smash" without the word "Imitation" in type equally conspicuous, to designate a product not consisting in substantial part of the juice or the fruit, and without explanatory words in equally conspicuous type to the effect that product consists in part of other ingredients, to designate a product consisting in substantial part of the fruit or the juice.

475. **Hosiery and Lingerie.**--Using the word "Mills" in firm name when neither owning nor operating mills; Using the word "Silk" to designate articles not fabricated of silk.

476. **Cigars.**--Representing that products can be used, regardless of quantity, without injury to health, when such is not the fact.

477. **Knit Goods.**--Using the words "Knitting" and "Mills" in firm name, when neither owning nor operating mills.

478. **Cotton Goods.**--Implying that products are made in accordance with Government specifications, by the use of pictorial representations simulating the official colors of the United States Military Academy and swords crossed on a shield, often in connection with the words "West Point," when products have neither been made in accordance with Government specifications, nor adopted by the War Department for use at West Point.

479. **Paint, Varnishes and Shellacs.**--Using the word "Shellac" without the word "Compound" in type equally conspicuous, to designate a product made in substantial part of shellac gum, and without the word "Substitute" in type equally conspicuous to designate a product containing no shellac gum.

480. **Cotton Thread.**--Using the words "Silk" and "Linen" to designate products not made of silk, flax, or hemp.

481. **Coupons; Silver-Plated Ware.**--Using a word suggestive of a well-known make of silverware, in connection with the sale of coupons to be redeemed by silver-plated ware other than that suggested by the word used.

482. **Knives and Razors.**--Using a trade name that implies products are made in a city in Germany, when such is not the fact.

483. **Encyclopedias and Reference Works.**--Advertising as a "special reduced" price, the price at which the goods are regularly sold; advertising "Free Goods," when the cost of the purported gratuity is included in the price paid by the purchaser for the merchandise with which it is alleged to be given free of charge.

484. **Animal Biscuits.**--Using an analysis that is inaccurate and misleading; circulating statements to the effect that products have only 2 per cent moisture content, and that purchasers of competitors' products pay from \$16 to \$32 a ton for water, when such is not the fact.

485. **Musical Instruments; Musical Saws.**--Falsely claiming to be manufacturers and to have a process patented article; using fictitious price markings to imply a special offer, when such special price is in fact the regular price; using the word "Free," when the cost of the purported gratuity is included in the price paid by the purchaser for the merchandise with which it is alleged to be given free of charge; representing that the art of playing musical saws may be acquired by persons having no special musical talents, when such is not the fact.

486. **Canned Goods; Rice, Citron, Lemon Peel, Orange.**--Using containers simulating those used by a well-known company putting out the same products, when no business connection exists.

487. **Office Furniture; Desks.**--Adopting a system for the maintenance of uniform prices to govern sales by members of an organization of desk manufacturers and cooperating to maintain same by refusal to sell to irregular dealers.

488. **Beverages; Malt Sirup.**--Using the word "Germany" in trade name, when product has not been imported from Germany.

489. **General Merchandise; Mail Orders.**--Using the words "Beaver" and "Muskrat" to designate products not made of beaver and muskrat pelts; using the words "Satin," "Rayon Satin," "Silk-face Velour," "Pongee," "Wool Mixed," "Flannel" and "Serge," when articles do not consist in substantial parts of the products named, without some words in equally conspicuous type to show that the articles are not made wholly of the products indicated.

490. **Jewelry.**--Using the words "Amethyst," "Topaz," "Aquamarine," "Emerald," and "Sea Pearl," to designate imitation stones; using the words "White Gold" and "14 kt" to designate articles not made of gold as represented.

491. **Woolens and Worsted Goods.**--Using the word "Mills" in firm name and in advertising matter, when neither owning nor operating mills.

492. **Men's Clothing.**--Using the word "Tailor Craft," "Tailors," "Tailored to custom requirements," etc., in firm name or in advertising matter, when neither operating mills nor tailoring garments to measure.

493. **Table Covers and Luncheon Sets.**--Using the word "Manufacturing" when neither owning nor operating mills; using the word "Linenette" and "Embroidered" to designate articles not made of linen and not embroidered.

494. **Books; Special Editions.**--Representing through the title of a book that it was written in the time of Christ but edited by a modern author, when such book was written as well as edited by an author living to-day.

495. **Soap Products; Naphtha.**--Using the word "Naphtha" to designate soap products that do not contain naphtha in excess of 1 per cent by weight at time of sale.

496. **Hardware; Mail Orders.**--Using the words "Tool Steel," "Special Analysis Steel," "Tempered," "Well Tempered," "First Quality," and "High Grade" to designate tools that are not of tool steel showing a superior temper, or high grade in any way.

497. **Rubber Tires.**--Using the words "Manufactured by" in advertising matter, when neither owning nor operating factories.

498. **Velvet.**--Using the word "Velvet" to designate a product that is not fabricated from silk.

499. **Cutlery and Kitchen Tools.**--Using the words "Stainless Steel" to designate products not composed entirely of stainless steel, without using explanatory words to that effect in type equally conspicuous.

500. **Candles.**--Using the word "Wax" or "Beeswax" to designate products not composed entirely of wax or beeswax, without explanatory words to that effect in type equally conspicuous.

501. **Metal Products.**--Using the words "Silver" and/or "Nickel Silver" to designate products not composed of silver.

502. **Dry Goods and Wearing Apparel; Mail Orders.**--Using the words "Wool," "All Wool," "Silk," and "All Silk" to designate products not made entirely of wool or silk.

503. **Tobacco Products; Cigarettes.**--Using what purport to be testimonials of various persons, when such statements are often neither seen nor signed by the alleged authors and the use of the name is given for a consideration; using paid testimonials without statement to that effect; advertising through newspapers, radio, etc., that cigarette smoking is healthful, reduces flesh, and keeps women's figures slender, when such results do not consistently follow the use of cigarettes.

504. **Dress Goods Remnants.**--Using the word "Free," often in connection with the statement "for a limited time only," when the offer of the purported

gratuity is without limitation and the cost is Included in the price paid by the purchaser for the merchandise with which it is alleged to be given free of charge

505. **Fly-catching Devices.**--Using the word "Honey" In advertising a device that is neither composed of nor treated with honey.

506. **Beverages; Concentrates and Sirups.**--Using the words "Orange," "Loganberry," and "Lime" to designate concentrates not composed entirely of the ingredients indicated, without using explanatory words to that effect in type equally conspicuous ; using the words "Orange," "Loganberry," and "Lime," without the word "Imitation" in type equally conspicuous, to designate concentrates deriving their flavors from a product other than fruit.

507. **Paper Specialities.**--Advertising that a certain brand of crepe paper "is the only crepe paper that can be sewed successfully by hand or on the sewing machine," when such is not the fact.

508. **Hardware; Files.**--Selling used or discarded files without apprising purchasers that such are secondhand or reclaimed.

509. **Men's Neckties.**--Using the word "Silk" to designate a product not made of silk, and to designate a product not made wholly of silk, without explanatory words to that effect in type equally conspicuous.

510. **Process Printing; Stationery.**--Using the words "Engraving" and "Embossing" to designate a raised lettering effect that is produced by a form of process printing rather than by engraving or embossing.

511. **Woolens.**--Using the word "Mills" In firm name and In advertising matter, when neither owning nor operating mills.

512. **Typewriter Ribbons.**--Using the word "Silk" to designate a product that is not made of silk.

513. **Beverages; Malt Sirups.**--Using a picture of the German flag and other German Insignia to designate products that are neither made in Germany nor imported therefrom.

514. **Hosiery.**--Using the words "Mills," "Knitting," and/or "Manufacturers" in firm name and in advertising matter, when neither owning nor operating mills.

515. **Brushes; Mail Orders.**--Using the word "Bristles" to designate a product that does not consist of bristles.

516. **Cotton Yarns.**--Using the word "Silk" to designate a product that is not made either in whole or in part of silk.

517. **Leather Harness.**--Representing that a designated Individual is living and giving his personal attention to the direction of a business when such person is not living; quoting as wholesale prices that are in fact the usual retail quotations.

518. **Soap Products.**--Using the word "Naphtha" in trade name and in advertising matter to designate a product that does not contain naphtha in excess of 1 per cent by weight at time of sale.

519. **Tile Flooring.**--Using the word "Rubber" to designate a product that contains no rubber.

520. **Confectionery.**--Using the words "Home Made" to designate products that are not made in homes or by hand.

521. **Fly-catching Devices.**--Using the word "Honey" in advertising a device that is neither composed of nor treated with honey.

522. **Towels and Sheets.**--Using the word "Linene" to designate products not made of material fabricated from flax or hemp.

523. **Cotton Fabrics.**--Establishing and employing a system for the maintenance of uniform resale prices.

524. **Knitwear.**--Using the words "Knit" and "Mills," when neither owning nor operating mills.

525. **Pharmaceuticals; Drugs.**--Advertising that a drug is the same mineral salt that makes effective the waters of European baths and American hot springs, and that the compound has therapeutic value, when such are not the facts.

526. **Toy Airplanes.**--Using advertising matter that does not accurately represent the products offered for sale nor what is possible of accomplishment therewith.

527. **Paper Box Board.**--Using in advertising matter part of the trade name of a competitor, thereby implying that products are made by such company, when no business connection exists.

528. **Pharmaceuticals; Proprietary Medicines.**--Using advertising matter that does not truthfully represent the product offered for sale.

529. **Motor Boats.**--Using the words "Mahogany" and "Philippine Mahogany" to designate products made of wood derived from trees other than those of the mahogany family.

530. **Liquid Floor, Furniture and Automobile Polish.**--Using the word Wax" to designate a product not made in substantial part of wax, and to designate a product made in substantial part of wax without explanatory words in type equally conspicuous to the effect that there are other ingredients contained therein.

531. **Pharmaceuticals; Milk of Magnesia Wafers.**--Using the word "Laboratory" in trade name, when neither operating nor owning a laboratory; advertising that "each wafer represents two teaspoonfuls of milk of magnesia," when product is not so concentrated.

532. **Fishing Tackle.**--Using the words "Silk Gut" to designate a product that is not silk gut leader.

533. **Cotton Goods.**--Using a word of French origin thereby implying that a product is manufactured from silk, when such product is not fabricated from silk.

534. **Motor Boats.**--Using the word "Mahogany" and "Philippine Mahogany" to designate parts of motor boats which are made of wood derived from trees other than those of the mahogany family; using the word "factory" in advertising matter when neither owning nor operating factories.

535. **Motor Boats.**--Using the words "Mahogany" and "Philippine Mahogany" to designate parts of motor boats which are made of wood derived from trees other than those of the mahogany family.

536. **Paints and Varnishes.**--Using the word "Manufacturing" in trade name, when neither owning nor operating mills; using combinations of the word Rubber" to designate products not composed of rubber; using statements that imply affiliation with a well-known paint company, when no business connection exists.

537. **Books.**--Using expressions such as "The Authentic Text," or "The Complete Text," in connection with the sale of special editions of books, thereby implying that such edition is an authentic and complete text of a standard work of a well-known American author, when such is not the fact.-

538. **Monuments and Statues.**--Using words that imply existence of branch offices or works in Scotland and In Vermont when neither having offices nor operating factories in that country or that State of the Union.

539. **Paints and Varnishes.**--Using the word "Rubber" to designate enamel that is not a rubber enamel.

540. **Automobile Tires.**--Using the three initials of a well-known automobile association to imply indorsement by such organization, when no such indorsement has been given.

541. **General Merchandise; Mail Orders.**--Using the word "Wool" to designate a product not made in substantial part of wool; implying ownership or operation of mills, when neither owning nor operating mills or factories.

542. **Artificial Limbs.**--Using undated testimonials from persons who are not now living; using cues in advertising matter that purport to represent individuals wearing artificial limbs actually engaged in occupations from which they would necessarily have been barred by reason of their physical limitations.

543. **Toilet Preparation; Cosmetics.**--Using the word "Paris" on labels and in advertising matter, when products are neither made in France nor imported therefrom.

544. **Jewelry.**--Using the words "Pearl," "Crystal," "Jade," "Amethyst," and "Ruby," without the word "Imitation" in type equally conspicuous to designate imitation stones; using the words "Synthetic" and "Indestructible" when such do not truthfully represent the product.

545. **Wrapping Paper.**--Implying that product has a rupture strength sufficient to withstand a test not less than 150 pounds to the square inch, and that it meets the qualifications set by the Interstate Commerce Commission and the regulations of the trade, when such are not the facts.

546-547. **Piece Goods.**--Using the words "Silk," "Sylk," and "Nusylk" to designate products not fabricated from silk.

548. **Lead Pencils.**--Using the words "22 kt.," "Gold," and "Gold Leaf," to designate imprint lead pencils that are not engraved or imprinted in gold or gold leaf.

549. **Men's Clothing.**--Using the word "Mills" in firm name, when neither owning nor operating mills.

550. **Pharmaceuticals; Colic Remedy.**--Misrepresenting in advertising matter the therapeutic value of the product.

551. **Finger Cots.**--Simulating trade name and general appearance of a competitor's design and mounting, when there is no business connection between the companies.-

552. **Paints.**--Using the words "Manufactured Only" and "Manufacturers," when neither owning nor operating a factory ; labeling products in such a way as to indicate that contents are chemically pure aluminum bronze, when such is not the fact.

553. **Fountain Pens.**--Using the word "Iridium" in advertising a product that is neither made of nor equipped with iridium.

554. **Coffee.**--Advertising through catalogues, radio talks, etc., that product has been treated with a ripening process involving fungus growth, when such is not the fact.

555. **Plumbing Goods.**--Selling under exclusive dealing contracts, when such tends to substantially lessen competition.

556. **Chemical Seed Corn Protector.**--Using the trade name "Repellent," and pictorial representations, advertising matter, and containers that simulate those of competitor ; representing that competitor's product is identical with "Repellent" and that competitor's business has been acquired, when there is no business connection between the companies.

557. **Woven Suiting Fabrics.**--Using the words "Lamb" and "Fur" to designate and label products that are not made of the hide of sheep or lambs, or of the pelt of fur-bearing animals.

558. **Paraffin Paper Containers.**--Using the word "Manufacturers" when neither owning nor operating a factory.

559. **Paints and Varnishes.**--Using the word "Manufacturers" when neither owning nor operating factories; indicating in advertising matter that a fluid is ground in linseed oil when the product is not compounded in substantial part of linseed oil.

560. **Paints and Varnishes.**--Using words indicating that a fluid is ground in linseed oil when such product is not compounded in substantial part of linseed oil.

561. **Fabrics.**--Using the words of Chinese origin to designate a fabric not made in China, nor of the product of the wild silkworm of that region.

562. **Household and Office Supplies; Mail Orders.**--Using the word "Linene" to designate a product not fabricated of flax or hemp; using the word "Damask" to designate a fabric in which the pattern is not woven and formed by the different directions of the thread.

563. **Correspondence Schools; Auto Instruction.**--Quoting as "Especial" and limited offers, prices and terms which are the customary terms made in the usual course of business; advertising as "free" certain purported gratuities, the cost of which are included in the price paid by the purchaser for the course with which they are alleged to be given free of charge; representing that personal instructions are given, when such is not the fact; representing in bad faith that all past due accounts will be handled through a collection agency; designating "Money Back" agreements as guarantees of reimbursement, when such agreement is not unconditional except as to completion of course an payment and return of textbooks.

564. **Process Oils and Sizings.**--Circulating statements to the effect that products is not a sulphated oil when it is so compounded.

565. **Knitted Wear.**--Using the word "Mills" in firm name and in advertising matter, when neither owning nor operating mills.

566. **Canned Goods; Fish.**--Using labels bearing a word resembling the word salmon, together with the picture of a salmon, on canned goods other than salmon.

567. **Canned Goods; Fish.**--Using labels bearing words resembling the word "Salmon," and a picture of a salmon, on canned goods other than salmon ; using such words on labels designating any kind of fish without the name of the fish, in type equally conspicuous.

568-569-570. **Canned Goods; Fish.**--Using labels bearing words indicating that the product is packed in the style of salmon, together with a picture of a salmon, on canned mackerel.

571. **Toy Airplanes.**--Using the word "Manufactured" when neither owning nor operating factories ; advertising results impossible of accomplishment.

572. **Toy Air Rifles and Liquid Pistols.**--Establishing and employing a system for the maintenance of uniform resale prices.

573. **Food Products; Pimentos.**--Using labels resembling those used by Spanish packers and bearing Spanish words and expressions to designate products that are not imported from Spain.

574-575. **Beverages; Malt**--Using Canadian names, often with a depiction simulating the coat of arms of a foreign country, on labels and advertising matter designating a product that is not of Canadian manufacture

576. **Automobile Tires.**--Claiming to be the manufacturer of tires sold by a large mail-order house, and to have the advantage in the sale of same over this company as well as over a large tire and rubber company; claiming to have knowledge of a contemplated contract and a director common to both companies named, when such are not the facts.

577. **Beverages; Grape Juice.**--Claiming to possess gold medals given at various expositions, and to own vineyards in California and warehouses in New Jersey, and representing that competitors' products are either pasteurized products or concentrates preserved with chemicals, when such are not the facts.

578. **Shellacs.**--Using labels bearing the word "Shellac" to designate products not consisting wholly of shellac.

579. **Oysters.**--Using the word "Cotuit" to designate oysters other than "Cotuit" oysters.

580. **Pharmaceuticals; Milk of Magnesia.**--Using the words "Milk of Magnesia" to designate tablets not formulated in accordance with specifications for milk of magnesia

581. **Paints and Varnishes.**--Using the words "Lead" and "Zinc" to designate products not consisting in whole or in predominant part of white lead or zinc.

582. **Hosiery and Lingerie.**--Using the words "Mills" in firm name and in advertising matter when neither owning nor operating mills; using the word "Silk" to designate products not made of silk.

583. **Beverages; Malt.**--Using European names to designate products none of the ingredients of which have been imported, and to designate products in which some of the ingredients are not of domestic origin without indicating what particular ingredients are imported.

584. **Liquid Meat Seasoning.**--Using the words "Oil of Spice" to designate a product not consisting in whole or in predominant part of oil of spice.

585. **Window Screens.**--Composing a firm name in such way as to imply affiliation with a competing company, when there is no business connection between the companies.

586. **Gums and Waxes.**--Using the word "Ceresine" to designate a synthetic product.

587. **Beverages; Hairbrushes, Soap, Cod Liver Oil.**--Quoting fictitious prices and values; using the words "Grape," "Apricot," "Lemon," "Nectar," "Cherry," "Lime," "Orange," and "Loganberry" oil labels and in advertising matter to designate an artificially flavored product without the word "Imitation" in type equally conspicuous and to designate products consisting in substantial part of the juice or the fruit designated, without setting forth conspicuously the fact that such products consist in part of other ingredients; using the words "Mahogany," "Ebony," and "Ivoroid" to designate hairbrushes, the backs of which are not made of mahogany, ebony, or ivoroid; using the word "Castile" to designate soap not made of olive oil; using the words "Cod Liver Oil" to designate a product not containing such oil in sufficient quantity to be so designated.

588. **Novelties; Cigar Lighters; Key Cases.**--Advertising that pocket lighters are packed, made in leather, gold, nickel silver, or silver plate, when such are not the facts; representing profits to be made by agencies that are far in excess of the true profits, and advertising a guaranty on sale without setting forth conspicuously that said guaranty applies only to first orders; using the word "Manufacturing." when neither owning nor operating mills; distributing a device to be used for conducting a lottery.

589. **Knitted Sweaters.**--Using the words "Knitting" and "Mills" in firm name and using the word "Manufacturers" in advertising matter, when neither owning nor operating mills or factories.

590. **Beverages; Concentrates and Sirups.**--Using the words "Orange" and "Orange Crush" to designate a product made in substantial part of the juice of the fruit of the orange, without setting forth conspicuously the fact that such product consists in part of other ingredients.

591. **Reference Books and Imitation Pearls.**--Representing that products were purchased from manufacturers, that quoted prices are special, introductory prices, and that the pearls are indestructible, when such are not the facts.

592. **Hosiery.**--Using the word "Wool" to designate a product not fabricated from Wool.
593. **Hides and Furs.**--Using the words "Tannery" and "Manufacturers when neither owning nor operating tanneries or factories.
594. **Knitted Outerwear and Hosiery.**--Using the words "Knitting" and "Mills" in firm name and in advertising matter, and using the words "Direct from mills to you" in advertising matter, when neither owning nor operating mills.
595. **Suitings.**--Using the words "Woolens" and "Worsted" to designate products not fabricated in whole or in part of wool.
596. **Toilet Preparations.**--Quoting exaggerated prices, using price markings that are in excess of the prices at which it is intended articles shall be sold, and falsely representing that sales at such prices afford no profit.
597. **Pharmaceuticals; Medicines.**--Misrepresenting the therapeutic value of medicines; using indorsement that do not represent the unbiased opinions of the authors thereof, and using paid testimonials without indicating that such have been given for a consideration.
598. **Cotton Goods.**--Using a misleading trade name to designate a product without indicating conspicuously that it is an all-cotton fabric.
599. **Cotton goods.**--Using misleading trade names to designate products not fabricated from silk.
600. **Jewelry.**--Using the markings "14-K" and "12-K," to designate products not consisting of 14 or 12-carat gold; using the words "Rolled Gold" to designate Watch cases not manufactured in accordance with the specified standard of not less than three one-thousandths of an Inch thickness on the out-side of the case, and not less than one one-thousandth of an inch in thickness on the inside of the case.
601. **Watches.**--Using the words "Emerald" and "Sapphire" in designating watches not set with the stones indicated.
602. **Shellacs.**--Using the Word "Shellac" or phonetic spelling of the Word without the word "Compound" In type equally conspicuous to designate a product in which shellac Is the predominant element and without the word "Substitute" in type equally conspicuous to designate a compound in which shellac gum is not the predominant ingredient.
603. **Confectionery.**--Manufacturing and distributing assortments of candy, together with advertising literature and merchandise to be given as prizes, to be used in conducting a lottery.
604. **Metallic Powder.**--Using the name of a metal without the Word "Compound" In type equally conspicuous to designate a product not consisting entirely of that metal; using the term "U. S." with a picture of the flag or the shield of the United States, thereby implying that the product is made in accordance with Government specifications, when such Is not the fact.
605. **Credit and Statistical Information.**--Using the name of a commercial body as part of a firm name, thereby implying a voluntary, nonprofit association of individuals and companies, engaged in the sale of women's apparel, when such is not the fact.
606. **Coal.**--Misusing the name of a grade of coal in trade name to designate a product that is not of that variety.
607. **Portraits and Picture Frames.**--Using words in firm name to any that it Is an organization for the promotion of art, when such Is not the fact; quoting the regular prices to residents of certain communities as special introductory prices for a limited time only.
608. **Pharmaceuticals; Live-Stock Remedies.**--Using the word "Antiseptic" to designate remedies which do not have antiseptic properties.
609. **School Supplies; Composition Books.**--Using letters and figures on composition books in such a Way as to imply a greater number of pages than those contained therein.
610. **Shellacs.**--Using the word "Shellac," without the word "Compound" In type equally conspicuous, to designate a product in which shellac gum Is the predominant element, and without the word "Substitute" In type equally conspicuous to designate a product containing no shellac gum
611. **Blankets and Shawls.**--Using Indian names to designate blankets and shawls not hand loomed by Indians.
612. **Confectionery.**--Manufacturing and distributing assortments of candy together with advertising literature, and merchandise to be given as prizes to be used in conducting a lottery.

613. **Paper Products.**--Using the word "Mills" in firm name when neither owning nor operating mills.
615. **Battery Chargers.**--Circulating statements to the effect that device is the most successful charger ever made, having the capacity for handling almost double the batteries handled by similar devices, and saving a substantial percentage on electric current, when such are not the facts.
616. **Fur.**--Using the word "Wombat" to designate sheep and lamb skins.
617. **Blankets, Robes, and Shawls.**--Using Indian names to designate products not hand loomed by Indians.
618. **Knitted Goods.**--Using the word "Factory" in advertising matter, when neither owning nor operating, factories.
619. **Confectionery; Mail Orders.**--Using the word "Free" when the cost of the purported gratuity is included in the price paid by the purchaser for the merchandise with which it is alleged to be given free of charge; using the word "Silver" to designate products not made of silver.
620. **Confectionery.**--Manufacturing and distributing assortments of candy together with advertising literature, and merchandise to be given as prizes to be used in conducting a lottery.
621. **Publications; Reproduction of Printed Data.**--Reproducing data published by competitors without stating that such data is not reproduced in its entirety.
622. **Paper Products.**--Using the word "Mills" in advertising matter when neither owning nor operating mills.
623. **Printed Goods.**--Using the word "Silk" to designate products not fabricated from silk.
624. **Blankets and Shawls.**--Using Indian names to designate products not hand loomed by Indians.
625. **Hardwoods; Walnut.**--Using the word "Walnut" to designate an imported wood that is derived from trees other than those of the walnut family.
626. **Beverages; Malt Sirups.**--Using the word "Bohemian" in labeling products not made in Bohemia, nor in Czechoslovakia.
627. **Hardwoods; Walnut Veneer.**--Using the word "Walnut" to designate veneers made from imported wood that is derived from trees other than those of the walnut family.
628. **Woolen Cloth.**--Using the words "English Broadcloth" in labeling blouses that are not made of material imported from England.
629. **Food Products; Toast.**--Simulating the color scheme, style, and size of cartons used by a competing firm, when no business connection exists.
630. **Cigars.**--Using the word "Havana" to designate cigars that are not composed of tobacco grown on the island of Cuba, and implying that such products are the same as the products formerly made and sold under the same firm name, when such is not the fact.
631. **Cotton and Rayon Fabrics.**--Using the word "Mills" in advertising matter, when neither owning nor operating mills; using the words "Tub-fast" to designate articles that will fade when washed; using the word "Linene" to designate articles not made of material fabricated from flax or hemp.
632. **Motor Appliances.**--Falsely representing that appliances are patented, and implying a special reduced price by placing on the containers thereof prices that are in excess of those at which the articles are regularly sold.
633. **Jewelry; Watches.**--Using the word "Rebuilt" to designate watches that have not been overhauled, or reconstructed, and using the word "Factories" in advertising matter, when neither owning nor operating factories.
634. **Shirts.**--Using the word "Broadcloth" in labeling shirts that are not made of broadcloth.
635. **Carbon Paper.**--Using the words "Manufacturers" and "Manufactured by" in labeling containers of carbon paper when neither owning nor operating factories.
636. **Tobacco Products.**--Using words that imply products are harmless and free from nicotine, when such are not the facts.
637. **Linings.**--Using the words "Satin" and "Serge" in advertising matter descriptive of linings not fabricated from silk or from wool.
638. **Celery.**--Advertising as a grower of celery and a shipper of Michigan-grown celery, when not engaged in growing celery, but engaged in shipping from the State of Michigan celery grown in other States, thereby furthering the belief that it is Michigan-grown celery.

639. **Celery.**--Using labels and advertising matter representing that product sold is Michigan grown, When such product is not grown in the State of Michigan, but is shipped from that State to further the belief that it is Michigan-grown celery.

640. **Celery.**--Advertising as a grower of celery and a shipper of Michigan-grown celery, when not engaged in growing celery, but engaged in shipping from the State of Michigan celery grown in other States, thereby furthering the belief that it is Michigan-grown celery.

641. **Celery.**--Using the labels and advertising matters presenting that product sold is Michigan grown, when such product is not grown in the State of Michigan, but is shipped from that State to further the belief that it is Michigan-grown celery.

642. **Celery.**--Advertising as a grower of celery and a shipper of Michigan-grown celery, when not engaged in growing celery, but engaged in shipping from the State of Michigan celery grown in other States, thereby furthering the belief that it is Michigan-grown celery.

643-644. **Celery.**--Using labels and advertising matter representing that product sold is Michigan grown, when said product is not grown in the State of Michigan, but is shipped from that State to further the belief that it is Michigan-grown celery.

645. **Motor Boats.**--Using the term "Mahogany" to designate motor boats, parts of which are made from wood derived from trees other than those of the mahogany family.

646. **Beverages.**--Using labels and advertising matter misrepresenting therapeutic value of product, and representing that the United States Government indorses all claims made for it, when no Federal approval or indorsement has been given.

647. **Correspondence Schools; Aeronautics.**--Printing statements implying inspection and rating by the Government, when the school has no Federal status or rating.

648. **Shellacs.**--Using the word "Shellac" to designate products containing no shellac.

649. **Toilet Preparations.**--Distributing assortments of toilet preparations, together with advertising literature, and merchandise to be given as prizes to be used in conducting a lottery.

650. **Beverages; Malt.**--Using the word "Imported" to designate products of which none of the ingredients have been imported: and to designate products in which some of the ingredients are not of domestic origin, without indicating what particular ingredients have been imported.

651. **Correspondence Schools; Law.**--Offering a scholarship which is not given on account of ability or previous foundation study for the work: quoting as the regular price a sum in excess of that regularly charged for the course; representing that the reduction is in consideration of the signing of the reference pledge.

652. **Paper Products.**--Using the word "Mills" In advertising matter, when neither owning nor operating mills.

653. **Woolen Robes and Blankets.**--Using Indian names to designate robes and blankets not hand loomed by the Indians.

654. **Coupons; Chinaware.**--Using as part of firm name words that imply association with manufacturing china companies, when no business association exists; falsely claiming to be conducting an advertising campaign for those manufacturers whose products are being distributed: using the word "Free," when the cost of the implied gratuity is included in the price paid by the purchaser for the merchandise with which it is alleged to be given free of charge.

655. **Coupons; Silverware.**--Using the words "Publicity Bureau" as part of firm name, when conducting no organization having the characteristics associated with the term "Bureau"; falsely claiming to be conducting an advertising campaign for those manufacturers whose goods are being distributed using the word "Free," when the cost of the purported gratuity is included in the price paid by the purchaser for the merchandise with which it is alleged to be given free of charge.

656. **Radios.**--Using the word "Advertising" in firm name when conducting no advertising bureau: falsely claiming to be conducting an advertising campaign for those manufacturers whose products are being distributed; quoting fictitious values for products; distributing a set-up consisting of a radio,

together with advertising literature, and merchandise to be given as prizes to be used In conducting a lottery.

657. **Chinaware.**--Authorizing use of firm name, thereby implying that certain companies are conducting an advertising campaign for the company whose name is being, used, when there is no actual representation; using lug the word "Free" when the cost of the purported gratuity is included in the price paid by the purchaser for the merchandise with which it is alleged to be given free of charge; misrepresenting rating and financial responsibilities.

658. **Chinaware.**--Authorizing use of firm name, thereby implying that certain companies are conducting an advertising campaign for the company whose name is being used, when there is no actual representation; using the word "Free," when the cost of the purported gratuity is included in the price paid by the purchaser for the merchandise with which it is alleged to be given free of charge; misrepresenting rating and financial responsibilities.

659. **Surgical Supplies; Trusses.**--Misrepresenting therapeutic value of products; quoting the prices regularly charged for the products as special, reduced prices; using the word "Free" when the cost of the purported gratuity is included in the price paid by the purchaser for the merchandise with which it is alleged to be given free of charge.

660. **Paints; Roofing Cement and Caulking Compound.**--Using the abbreviation " Mfg." in firm name, when neither owning nor operating factories.

661. **Rayon Underwear.**--Using a word in firm name, thereby implying association with an underwear corporation of New York, when no business connection exists.

662. **Lacquers.**--Giving gratuities to employees of prospective customers without the consent of their employers, with a view to inducing patronage.

663. **Beverages; Concentrates.**--Using the words "Grape," "Lemon," "Orange," "Cherry," "Strawberry," and "Loganberry," to designate concentrates containing other ingredients than those indicated, without the use of explanatory words to that effect in type equally conspicuous, and to designate products containing no fruit or fruit juices, without the word "Imitation" In type equally conspicuous.

664-665. **Toy Airplanes.**--Using advertising matter that does not accurately represent the product offered for sale, nor what is possible of accomplishment therewith.

666. **Furniture; Mahogany.**--Using the word "Mahogany" to designate furniture made of wood derived from trees other than those of the mahogany family.

667. **Pharmaceuticals; Phosphorated Iron and Laxative Tablets.**--Using advertising matter that misrepresents the therapeutic properties of the product.

668-669. **Cigar Banding Machinery.**--Making the leasing of machinery conditional on' the agreement that the lessee shall not deal in merchandise, supplies,, ore other commodities of any competitor.

670. **Cotton--Mail Orders.**--Using such words or expressions as "Pongee," "Silk Chiffon Velvet," and "Wool Mixed," to designate products not fabricated from silk or from wool, and to designate products not composed in substantial part of pongee, silk, or wool, without explanatory words in type equally conspicuous to the effect that products are not fabricated, from silk or wool; using the words "Mink" and "Wolf" to designate products not made of the fur or pelt of mink or wolf; using the word "Tooled" to designate an article that is not band-tooled using the words "Kid" and "Calf" to designate products not made from the skin or hide of young goats; using the word "Linene" to designate a product not fabricated from flax or hemp.

671. **Beverages; Malt Sirups.**--Establishing and employing a system for the maintenance of uniform resale prices.

672. **Correspondence Schools; Accounting and Business Administration.**--Using advertising material overstating and misrepresenting the actual and possible earnings of graduates and the demands for their services, the course, of Instructions and the space occupied; using the word " University" when school Is not under State supervision and neither accredited nor empowered to confer degrees.

## RESOLUTIONS DIRECTING INVESTIGATIONS

### UTILITY CORPORATIONS

[S. Res. 83, 70th Cong., 1st sess., Feb. 15, 1928]

*Resolved*, That the Federal Trade Commission is hereby directed to inquire into and report to the Senate, by filing with the Secretary thereof, within each thirty days after the passage of this resolution and finally on the completion of the investigation (any such inquiry before the commission to be open to the public and due notice of the time and place of all hearings to be given by the commission and the stenographic report of the evidence taken by the commission to accompany the partial and final reports) upon: (1) The growth of the capital assets and capital liabilities of public utility corporations doing an interstate or international business supplying either electrical energy in the form of power or light, or both, however produced, or gas, natural or artificial, of corporations holding the stocks of two or more public utility corporations operating in different States, and of nonpublic utility corporations owned or controlled by such holding companies; (2) the method of issuing the price realized or value received, the commissions or bonuses paid or received, and other pertinent facts with respect to the various security issues of all classes of corporations herein named, including the bonds and other evidences of indebtedness thereof, as well as the stocks of the same; (3) the extent to which such holding companies or their stockholders control or are financially interested in financial, engineering, construction, and/or management corporations, and the relation, one to the other, of the classes of corporations last named the holding companies, and the public utility corporations; (4) the services furnished to such public utility corporations by such holding companies and/or their associated, affiliated, and/or subsidiary companies, the fees, commissions, bonuses, or other charges made therefor, and the earnings and expenses of such holding companies and their associated, affiliated, and/or subsidiary companies; and (5) the value or detriment to the public of such holding companies owning the stock or otherwise controlling such public utility corporations immediately or remotely, with the extent of such ownership or control, and particularly what legislation, if any, should be enacted by Congresses to correct any abuses that may exist in the organization or operation of such holding companies.

The commission is further empowered to inquire and report whether, and to what extent, such corporations or any of the officers thereof or any one in their behalf or in behalf of any organization of which any such corporation may be a member, through the expenditure of money or through the control of the avenues of publicity, have made any and what effort to influence or control public opinion on account of municipal or public ownership of the means by which power is developed and electrical energy is generated and distributed, or since 1923 to influence or control elections: Provided, that the elections herein referred to shall be limited to the elections of President, Vice President, and Members of the United States Senate.

The commission is hereby further directed to report particularly whether any of the practices heretofore in this resolution stated tend to create a monopoly or constitute violation of the Federal antitrust laws.

### UTILITY CORPORATIONS (PRINTING OF REPORTS)

[S. Res. 221, 70th Cong., 1st sess., May 8, 1928]

*Resolved*, That the reports submitted to the Senate, or which may hereafter be filed with the Secretary of the Senate, pursuant to S. Res. 83, current session, relative to the investigation by the Federal Trade Commission of certain electric power and gas utility companies, be printed, with accompanying illustrations, as a document.

**UTILITY CORPORATIONS (PRINTING OF EXHIBITS)**

[S. Res 112, 71st Cong., 1st sess., Sept. 9, 1929]

*Resolved*, That, as a part of its reports to the Senate, pursuant to Senate Resolution 83, Seventieth Congress, first session, the Federal Trade Commission be required expeditiously to transmit duplicates, or true copies, of all exhibits introduced into its record in hearings held and to be held pursuant to said resolution, and that they be printed as parts of said reports, to accompany the respective parts thereof printed in accordance with Senate Resolution 221 of May 3, 1928; except that as to copyrighted books, bulky volumes, and other lengthy exhibits only such descriptions thereof and pertinent extracts therefrom shall be printed as the Federal Trade Commission may indicate and transmit with such exhibits for that purpose.

**INTERSTATE MOVEMENT OF ELECTRIC ENERGY**

[S. Res. 151, 71st Cong., 1st sess., Nov. 8, 1929]

*Resolved*, That the Federal Trade Commission Is hereby directed to inquire into, ascertain, and report to the Senate by filing with the Secretary thereof within thirty days after the passage of this resolution, and at least once each ninety days thereafter until the completion of the investigation, the quantities of electrical energy used for the development of power or light, or both, how-ever produced, measured by kilowatt-hours, generated in any State (the term "State" as herein used meaning any State, Territory, or the District of Columbia), and transmitted by any means from the State in which it is generated into any other State, or between points within the same State but through any place outside thereof; whether said electrical energy be transmitted from persons, corporations, firms, or associations to themselves and/or their branches, subsidiaries, parent companies, or associates In other States, or to other and distinct persons, corporations, firms, or associations. Said report shall set forth each State in which such electrical energy is generated and the States into or through which it is transmitted, and shall, in cases where there is an interchange of transmitted energy between two plants in different States, set forth the gross quantity transmitted in each direction and not the net difference between the quantities transmitted by said plants.

The commission shall further inquire into, ascertain, and report at the same time upon the percentage of electrical energy generated In each State which is transmitted to other States, and the percentage of electrical energy consumed in each State which is imported from other States.

The commission shall, in connection with its report, where such information can be furnished without unduly delaying the reports herein requested, give the names of persons, firms, corporations, and associations generating and transmitting such electrical energy In the manner herein described,. the points at which generated and from which transmitted, and the names of the persons, firms, corporations, or associations to whom such energy is transmitted and the points to which transmitted.

The commission shall inquire into, ascertain, and report such other facts relative to the transmission of electrical energy from one State to another or between points in the same State but through any place outside thereof as the commission may deem pertinent to the inquiry and investigation herein directed.

**CHAIN STORES**

[S. Res. 224, 70th Cong., 1st sess., May 12, 1928]

Whereas it is estimated that from 1921 to 1927 the retail sales of all chain stores have increased from approximately 4 per centum to 16 per centum of all retail sales; and

Whereas there are estimated to be less than four thousand chain-store systems with over one hundred thousand stores; and

Whereas many of these chains operate from one hundred to several thousand stores; and

Whereas there have been numerous consolidations of chain stores throughout the history of the movement, and particularly In the last few years; and

Whereas these chain stores now control a substantial proportion of the distribution of certain commodities in certain cities, are rapidly increasing this proportion of control in these and other cites, and are beginning to extend this system of merchandising into country districts as well; and

Whereas the continuance of the growth of chain-store distribution and the consolidation of such chain stores may result in the development of monopolistic organizations in certain lines of retail distribution; and

Whereas many of these concerns, though engaged in interstate commerce in buying, many not be engaged in interstate commerce in selling; and

Whereas, in consequence, the extent to which such consolidations are now, or should be made, amenable to the Jurisdiction of the Federal antitrust laws is a matter of serious concern to the public: Now, therefore, be it

*Resolved*, That the Federal Trade Commission is hereby directed to under-take an inquiry into the chain-store system of marketing and distribution as conducted by manufacturing, wholesaling, retailing, or other types of chain stores and to ascertain and report to the Senate (1) the extent to which such consolidations have been effected in violation of the antitrust laws, if at all; (2) the extent to which consolidations or combinations of such organizations are susceptible to regulation under the Federal Trade Commission act or the antitrust laws, if at all; and (3) what legislation, if any, should be enacted for the purpose of regulating and controlling chain-store distribution.

And for the information of the Senate in connection with the aforesaid sub-divisions (1), (2), and (3) of this resolution the commission is directed to Inquire into and report in full to the Senate (a) the extent to which the chain store movement has tended to create a monopoly or concentration of control in the distribution of any commodity either locally or nationally; (b) evidences indicating the existence of unfair methods of competition in commerce or of agreements, conspiracies, or combinations in restraint of trade involving chain-store distribution; (c) the advantages or disadvantages of chain-store distribution in comparison with those of other types of distribution as shown by prices, costs, profits, and margins, quality of goods, and services rendered by chain stores and other distributors or resulting from integration, managerial efficiency, low overhead, or other similar causes; (d) how far the rapid increase in the chain-store system of distribution is based upon actual savings in costs of management and operation and how far upon quantity prices available only to chain-store distributors or any class of them; (e) whether or not such quantity prices constitute a violation of either the Federal Trade Commission act, the Clayton Act, or any other statute; and (f) what legislation, if any, should be enacted with reference to such quantity prices.

### RESALE-PRICE MAINTENANCE

[Resolution of the Federal Trade Commission, July 25, 1927]

Whereas several bills providing for resale-price maintenance have been introduced in Congress since 1920, including the Merritt bill, Kelly bill, the Wyant bill, and the Williams bill; and

Whereas in 1916, on a referendum of the Chamber of Commerce of the United States, about 74 per cent of the votes cast were In favor of legislation permitting resale-price maintenance; and

Whereas in 1926, on a similar referendum, about 54 per cent of the votes were in favor; and

Whereas this commission many years ago recommended that Congress enact legislation permitting resale-price maintenance under certain conditions of governmental control; and

Whereas it seems probable that agitation for some legislation of this character will continue; and

Whereas there has been no thorough and comprehensive investigation of the economic advantages and disadvantages of such legislation: Therefore be it

*Resolved*, That the chief economist of the commission be directed to inquire into the question of the maintenance of manufacturers' resale prices, both at wholesale and retail, and to report to the commission-

1. The advantages and disadvantages of resale-price maintenance (a) to competing manufacturers employing it and to other competing manufacturers,

(b) to competing wholesalers and retailers employing it and to other competing wholesalers and retailers, (c) to the ultimate purchaser.

2. The costs, profits, and margin of manufacturers and distributors and the prices to consumers on competing price maintained and nonprice maintained goods and particularly the relation of advertising expenses to such costs, profits, margins, and prices.

3. The causes and motives for price cutting by distributors (a) in general: (b) below the total cost of the distributor; (c) below the purchase price paid by the distributor of goods; the Justification for such price cutting, if any; the effect of price cutting on manufacturers, distributors, and consumers particularly with reference to: (a) How far, if at all, price cutting increases volume of business for a distributor and offsets the decreased profit per unit; (b) how far, if at all, price cutting has eliminated manufacturers and distributors from business; (c) the effect of price cutting by distributors on the prices, profits, and margins of manufacturers.

4. The relation of resale-price maintenance, if any, to the multiplication of distributors, and, if such effect is found, the relation of this multiplication to the cost of marketing.

5. Any other facts pertinent for the consideration of Congress with reference to legislation on this subject.

6. The character of the legislation, if any, which should be recommended by the commission.

#### **COTTONSEED PRICES**

[S. Res. 136, 71st Cong., 1st sess., Oct. 21, 1929]

Whereas it is alleged that certain cottonseed crushers and oil mills have entered into a combination for the purpose of fixing prices on cottonseed in violation of the antitrust laws; and

Whereas it is alleged that cottonseed prices have been arbitrarily forced down by the cottonseed crushers and oil mills to a lower level than has ever existed at this season of the year and

Whereas It is alleged that as a result of such combination cottonseed buyers are not permitted to pay more than a certain price for cottonseed and sell cottonseed meal at less than a certain price under threat of boycott: Therefore be it

*Resolved*, That the Federal Trade Commission is hereby requested to make an immediate and thorough investigation of all facts relating to the alleged combination in violation of the antitrust laws with respect to prices for cotton-seed and cottonseed meal by corporations operating cottonseed-oil mills. The commission shall report to the Senate as soon as practicable the results of its investigation.

#### **COTTONSEED PRICES**

[S. Res. 147, 71st Cong., 1st sess., Nov. 2, 1929]

Whereas it is alleged that certain cottonseed-oil mills have acquired control of cotton gins and have arranged with ginners not to store cottonseed for farmers in order to force the farmers to put their seed upon the market immediately instead of holding them for the purpose of obtaining a profitable price; and

Whereas it is essential that full publicity be given to such matters: Therefore be it

*Resolved*, That the Federal Trade Commission is hereby directed (1) to investigate the charge that certain corporations operating cottonseed-oil mills are acquiring by purchase or otherwise the ownership or control of cotton gins for the purpose of destroying the competitive market for cottonseed and de pressing and holding down the price paid to farmers for cottonseed, and (2) to hold public hearings in connection with the investigations with respect to such matters and in connection with the investigations pursuant to S. Res. 186, agreed to October 21, 1929. The commission shall report to the Senate as soon as practicable the results of its investigations under this resolution.

**COTTONSEED PRICES (PRINTING OF TRANSCRIPT)**

[H. Con. Res. 37, 71st Cong., 2d se., June 12, 1930]

*Resolved by the House of Representatives (the Senate concurring)*, That the Federal Trade Commission is hereby directed to transmit, from time to time, to the Senate, or expeditiously file with the Secretary of the Senate, during the recess of Congress, a transcript or true copy of the hearings held before said commission, pursuant to S. Res. 136 and S. Res. 147, Seventy-first Congress, directing an investigation of the charges that certain corporations, operating cottonseed-oil mills, are violating the antitrust laws with respect to prices for cottonseed and acquiring the ownership or control of cotton gins, and that the same shall be printed, with accompanying illustrations, as a document for the use of the Senate and House.

**COTTONSEED PRICES (PRINTING OF TRANSCRIPT AND EXHIBITS)**

[S. Res. 292, 71st Cong., 2d sess., June 20, 1930]

Resolved, That the Federal Trade Commission is hereby directed to transmit, from time to time to the Senate, or expeditiously file with the Secretary of the Senate, during the recess of Congress, a transcript of the hearings held before said commission, and exhibits filed in connection therewith, pursuant to S. Res. 136 and S. Res. 147, Seventy-first Congress, directing an investigation of the charges that certain corporations, operating cottonseed oil mills, are violating the antitrust laws with respect to prices for cottonseed and acquiring the ownership or control of cotton gins. The transcript of the hearings and exhibits so transmitted shall be printed, with accompanying illustrations, as a Senate document; except that as to copyrighted books, bulky volumes, and other lengthy exhibits only such descriptions thereof and pertinent extracts there from shall be printed as the Federal Trade Commission may indicate and transmit with such exhibits for that purpose.

**PEANUT PRICES**

[S. Res. 139, 71st Cong., 1st sess., Oct.22, 1929]

Whereas it is alleged that certain peanut crushers and mills have entered into a combination for the purpose of fixing prices on peanuts in violation of the antitrust laws; and

Whereas it is alleged that as a result of such combination prices for peanuts have been arbitrarily forced down; and

Whereas the lack of a competitive market for peanuts has been demoralizing and destructive to the producers of peanuts and considerable losses have been caused to the peanut growers: Therefore be it

*Resolved*, That the Federal Trade Commission is hereby requested to make an immediate and thorough investigation of all facts relating to the alleged combination in violation of the antitrust laws with respect to prices for peanuts by corporations operating peanut crushers and mills. The Commission shall report to the Senate as soon as practicable the result of its investigation.

**NEWSPRINT PAPER <sup>1</sup>**

[S. Res. 337, 70th Cong., 2d sess., Feb.27, 1929]

Resolved, That the Federal Trade Commission is requested to make an investigation upon the question of whether any of the practices of the manufacturers and distributors of newsprint paper tend to create a monopoly in the supplying of newsprint paper to publishers of small daily and weekly news-paper or constitute a violation of the antitrust laws, and to report to the Senate as soon as practicable the results of such investigation together with its recommendations, if any, for necessary legislation.

<sup>1</sup> Inquiry completed during fiscal year. Report transmitted to Senate, July 3, 1930.

**PRICE BASES**

[Resolution of the Federal Trade Commission, July 27, 1927]

Whereas the economical distribution of commodities is one of the chief problems of the day; and

Whereas the method of determining the prices (or the total cost to the purchaser) of commodities sold in the same or in different localities is an important factor in a sound system of distribution; and

Whereas there are various systems and theories on which such prices are made and marked differences of opinion as to their expediency and fairness; and

Whereas some distributors are employing the policy of national distribution with prices, particularly in different consuming territories, that make no allowance for difference in transportation costs, while others allege that there should be a delimitation of markets having respect to transportation expense: Now, therefore, be it

*Resolved*, That the chief economist of the Federal Trade Commission is hereby directed to inquire into and report upon (1) the factory-base method, the basing-point method, and the delivered-price method of quoting and charging prices (including their respective variations), together with any other method of differentiating prices with respect to location; (2) the causes for the adoption of the several methods employed and the purposes intended to be served by them; (3) their actual and potential effects upon prices and competitive conditions; and (4) any constructive measures which might be employed to promote greater efficiency, economy, or fairness in the methods of quoting or charging prices.

**“BLUE SKY” SECURITIES**

[Resolution of the Federal Trade Commission, July 27, 1927]

Whereas this commission has had frequent occasion to proceed against unfair methods of competition with respect to the sale of so-called “bluesky” securities and has found in that respect that present legislative remedies are inadequate; and

Whereas this commission formerly initiated a general inquiry into this subject with a view to constructive remedial proposals, but no report was published; and

Whereas the practice of fraudulently selling worthless securities is a great economic evil which should be remedied promptly if practicable: Now, therefore, be it

*Resolved*, That the chief economist of this commission is hereby directed to inquire further into (1) the practice of selling blue-sky securities, (2) the legislative, administrative, and other methods employed to abate the evil and the results thereof, and (3) other matters covered by the previous inquiry, in order to bring the same up to date, and to report thereon to the commission without formulating conclusions of legislative policy but, instead, stating succinctly the arguments both for State and for Federal regulation and the forms which such regulation should take.

**BREAD AND FLOUR <sup>2</sup>**

[S. Res. 163, 68th Cong., 1st sess., Feb. 16, 1924]

*Resolved*, That the Federal Trade Commission be, and it is hereby, directed to investigate the production, distribution, transportation, and sale of flour and bread, including by-products, and report its findings in full to the Senate, showing the costs, prices, and profits at each stage of the process of production and distribution, from the time the wheat leaves the farm until the bread is delivered to the consumer; the extent and methods of price fixing, price maintenance, and price discrimination; the developments in the direction of monopoly and concentration of control in the milling and baking industries, and all evidence indicating the existence of agreements, conspiracies, or combinations in restraint of trade.

<sup>2</sup> Inquiry completed during fiscal year 1927-28. Reports transmitted to Senate in 1926, 1927, and 1928. Subject to further report pending court decision in Millers' National Federation case. (See p. 106.)

## INVESTIGATIONS, 1913-1930

### AUTHORIZED BY THE SENATE

**Fertilizer** (S. Res. 487, 62d Cong., 3d. sess., March 1, 1918) -The inquiry made in response to this resolution which was begun by the Bureau of Corporations, disclosed the extensive use of bogus Independent fertilizer companies used for purposes of competition, but through conferences with the principal manufacturers agreements were reached for the abolition of such unfair competition. Report transmitted August 19, 1916.

**Pipe lines** (S. Res. 109, 63d Cong., 1st sess., June 18, 1918) -The report on this Inquiry, which was begun by the Bureau of Corporations, showed the dominating importance of the pipe lines in the great mid-continent oil field and that the pipe-line companies, which were controlled by a few large oil companies, not only charged excessively high rates for transporting petroleum but also evaded their duties as common carriers by insisting on unreasonably large shipments. to the detriment of the numerous small producers. Transmitted February 28, 1918.

**Gasoline** (S. Res. 457, 63d Cong., 2d sess., September 28, 1914).--Acting under this resolution, the commission published a report on gasoline prices in 1915, which discussed the high prices of petroleum products and showed how the various Standard Oil companies had continued to maintain a division of marketing territory among themselves. The commission suggested several plans for restoring effective competition in the oil industry. Transmitted April 11, 1917.

**Sisal hemp** (S. Res. 170, 84th Cong., 1st sess., April 17, 1916).--In response to a resolution calling on the commission to assist the Senate Committee on Agriculture and Forestry by advising how certain quantities of hemp, promised by the Mexican sisal trust, might be fairly distributed among American manufacturers of binder twine, the commission made an inquiry and submitted a plan of distribution, which was followed. Report transmitted May 9, 1916.

**Newsprint paper** (first Investigation) (S. Res. 177, 64th Cong., 1st sess., April 24, 1916).--The newsprint-paper inquiry resulted from an unexpected advance in prices. The reports of the commission showed that these prices were very profitable, and that they had been partly the result of certain news-print association activities which were in restraint of trade. Through the good offices of the commission distribution of a considerable quantity of paper to needy, publishers was obtained at comparatively reasonable prices. The Department of Justice instituted proceedings in consequence of which the association was abolished and certain newsprint manufacturers indicted. Reports transmitted March 3, 1917, and June 13, 1917.

**Anthracite coal** (S. Res. 217, 84th Cong., 1st sess., June 22, 1916, and S. Res. 51, 65th Cong., 1st sess., April 80, 1917) .-The rapid advance in the prices of anthracite at the mines, compared with costs, and the extortionate overcharging of anthracite Jobbers and dealers were disclosed in the inquiry in response to these resolutions and a system of current reports called for regarding selling prices which substantially checked further exploitation of the consumer. Reports transmitted May 4, 1917, and June 20, 1917.

**Book paper** (S. Res. 269, 64th Cong., 1st sess., September 7, 1916).--The inquiry into book paper, which was made shortly after the newsprint inquiry, had a similar origin and disclosed similar restraints of trade, resulting in proceedings by the commission against the manufacturers involved therein to prevent the enhancement of prices. The commission also recommended legislative action to repress restraints of trade by such associations. Reports transmitted June 13, 1917,, and August 21, 1917.

**Flags** (S. Res. 35, 65th Cong., 1st sess., April 16, 1917).--A sudden increase in the prices of American flags led to this inquiry, which disclosed that while a trade association had been active to fix prices shortly before the price advance had been so great on account of the war demand that further price fixing had been superfluous. Report transmitted July 26, 1917.

**Independent Harvester Co.** (S. Res. 212, 65th Cong., 2d sess., March 11, 1918) --This resolution called for a thorough investigation of the organization and methods of operation of the company which had been formed several years before to compete with the Harvester Trust. The company passed into receivership and the report disclosed that mismanagement and insufficient capital brought about its failure. Report transmitted May 15, 1918.

**Farm implements** (S. Res. 228, 65th Cong., 2d sess., May 13, 1918) --The high prices of farm implements led to This inquiry, which disclosed that there were numerous trade combinations to advance prices and that the consent decree for the dissolution of the International Harvester Co. was absurdly inadequate. The commission recommended a revision of the decree and the Department of Justice proceeded against the company to that end. Report transmitted May 4, 1920.

**Milk** (S. Res. 431, 65th Cong., 3d sess., January 31, 1919).--This inquiry into the fairness of milk prices to producers and of canned milk to consumers, and whether they were affected by fraudulent or discriminatory practices, resulted in a report showing marked concentration of control and of questionable practices in the buying and handling of cream by butter manufacturers, many of which have since been recognized as unfair by the trade itself. Report transmitted June 6, 1921.

**Southern livestock prices** (S. Res. 133, 66th Cong., 1st sess., July 25, 1919).--The low prices of southern livestock, which gave rise to the belief that discrimination was being practiced, were investigated, but the alleged discrimination did not appear to exist. Report transmitted February 2, 1920.

**Pacific coast petroleum** (S. Res. 138, 66th Cong., 1st sess., July 31, 1919).--On the Pacific coast the great increase in the prices of gasoline, fuel oil, and other petroleum products led to This inquiry, which disclosed that several of the companies were fixing prices. Reports transmitted April 7, 1921, and November 28, 1921.

**Commercial feeds** (S. Res. 140, 66th Cong., 1st sess., July 31, 1919).--The inquiry into commercial feeds, which aimed to discover whether there were any combinations or restraints of trade in that business, was diligently pursued; and though it disclosed some association activities in restraint of trade, it found no important violation of the antitrust laws. Certain minor abuses in the trade were eliminated. Report transmitted March 29, 1921.

**Meat-packing profit limitations** (S. Res. 177, 66th Cong., 1st sess., September 3, 1919).--The inquiry into meat-packing profit limitations had as its object the study of the system of war-time control established by the Food Administration; certain changes were recommended by the commission, including more complete control of the business and lower maximum profits. Report transmitted August 24, 1919.

**Tobacco prices** (S. Res. 129, 67th Cong., 1st sess., August 9, 1921).--This inquiry was also directed to the low prices of leaf tobacco and the high price of tobacco products. It disclosed that in the sale of tobacco several of the largest companies were engaged in numerous conspiracies with their customers--the jobbers--to enhance the selling prices of tobacco. Proceedings against these unlawful acts were instituted by the commission. Report transmitted January 17, 1922.

**House furnishings** (S. Res. 127, 67th Cong., 2d sess., January 4, 1922).--The alleged failure of house-furnishing goods to decline in price since 1920 as much as most other commodities, alleged to be due to restraints of trade, was inquired into by the commission. Three reports were issued on the subject, dealing with wooden household furniture, household stores, kitchen furnishings, and domestic appliances. These reports showed that extensive conspiracies existed, under the form of cost-accounting devices and meetings, to inflate tire prices of such goods. Reports transmitted January 17, 1922, October 1, 1923, and October 6, 1924.

**Export grain** (S. Res. 138, 67th Cong., 2d sess., December 22, 1921).--The low prices of export wheat gave rise to this inquiry, which developed extensive and harmful speculative manipulation of prices on tire grain exchanges and conspiracies among country grain buyers to agree on maximum prices for grain purchased. Legislation for a stricter supervision of grain exchanges was recommended, together with certain changes in their rules. The commission also recommended governmental action looking to additional storage facilities for grain uncontrolled by grain dealers. Reports transmitted May 16, 1922, and June 18, 1923.

**Flour milling** (S. Res. 212, 67th Cong., 2(1 sess., January 18, 1922).--A report on the inquiry into the flour-milling industry was sent to the Senate in May,

1924. It showed the costs of production of wheat flour and the profits of the flour-milling companies in recent years. It also discussed the disadvantages to the miller and consumer arising from an excessive and confusing variety in the sizes of flour packages. Transmitted May 16, 1924.

**Cotton trade** (S. Res. 262, 67th Cong., 2(1) sess., March 16, 1922).--The inquiry into cotton trade originated by this resolution was covered in part by a preliminary report issued in February, 1923, which discussed especially the causes of the decline in cotton prices in 1922 and left the consideration of the other topics indicated to be treated in connection with an additional and related inquiry called for by the Senate at that time. Reports transmitted February 26, 1923, and April 28, 1924.

**Fertilizer** (S. Res. 307, 67th Cong., 2d sess., June 17, 1922).--The fertilizer inquiry developed that active competition generally prevailed in the industry in this country, though in foreign countries combinations control some of the most important raw materials. The commission recommended constructive legislation to improve agricultural credits and more extended cooperative action in the purchase of fertilizer by farmers. Report transmitted March 3, 1923.

**Foreign ownership in petroleum industry** (S. Res. 311, 67th Cong., 2d sess., June 29, 1922).--The acquisition of extensive oil interests in this country by the Dutch-Shell concern, an international trust, and discrimination practiced against Americans in foreign countries provoked this inquiry which developed the situation in a manner to promote greater reciprocity on the part of foreign governments. Report transmitted February 12, 1923.

**Calcium arsenate** (S. Res. 417, 67th Cong., 4th sess., Jan. 23, 1923).--The high prices of calcium arsenate, a poison used to destroy the cotton boll weevil, led to this inquiry from which it appeared that the cause was due to the sudden increase in demand rather than to any restraints of trade. Report transmitted March 3, 1923.

**Cotton trade** (S. Res. 429, 67th Cong., 4th sess., Jan. 31, 1923).--The inquiry in response to this second resolution on the cotton trade was combined with the one mentioned above and resulted in a report which was sent to the Senate in April, 1924. This report recommended that Congress enact legislation providing for some form of southern warehouse delivery on New York contracts, and as a part of such a delivery system the adoption of a future contract which would require that not more than three adjacent or contiguous grades should be delivered on any single contract. The commission also recommended a revision of the system of making quotations and differences at the various spot markets and the abolition of deliveries on futures at New York. The special warehouse committee of the New York Cotton Exchange on June 28, 1924, adopted the recommendations of the commission with reference to the southern delivery on New York contracts, including the contiguous grade contract. Report transmitted April 28, 1924.

**National wealth** (S. Res. 451, 67th Cong., 4th sess., Feb. 28, 1923).--This resolution called for a comprehensive inquiry into national wealth and income and specially indicated for investigation the problem of tax exemption and the increase in Federal and State taxes in recent years. Two reports were issued as a result of this inquiry. The first was a discussion of taxation and tax exemption which among other things comprised an elaborate estimate of the amount and ownership of tax-exempt securities by different classes of corporations and persons, and examined the significance of these facts with respect to the great increase in the burdens of taxation. The second report was devoted to national wealth and income, estimating the former to be \$353,000,000,000 in 1922 and the national income in 1923 at \$70,000,000,000. The nature of the wealth and income and its distribution among various classes are also given. Reports transmitted June 6, 1924, and May 25, 1926.

**Bread** (S. Res. 163, 68th Cong., 1st sess., Feb. 16, 1924).--This resolution directed the commission to investigate the production, distribution, transportation, and sale of flour and bread, showing costs, prices, and profits at each stage of the process of production and distribution; the extent and methods of price fixing, price maintenance, and price discrimination; concentration of control in the milling and baking industries; and evidence indicating the existence of agreements, conspiracies, or combinations in restraint of trade. Two preliminary reports were issued, dealing with competitive conditions in flour milling and bakery combines and profits. The final report covered the whole problem and showed among other things that wholesale baking in recent years had been generally profitable. It disclosed also price cutting wars by the big bakery.

combines and subsequent price-fixing agreements. Reports transmitted May 3, 1926, February 11, 1927, and January 11, 1928.

**Cotton merchandising practices** (S. Res. 252, 68th Cong., 1st sess., June 7, 1924).--Abuses in handling consigned cotton are discussed in the report on this inquiry and a number of recommendations designed to correct or alleviate existing conditions are made. Transmitted January 20, 1925.

**Packer consent decree** (S. Res. 278, 68th Cong., 2d sess., Dec. 8, 1924).--In response to this resolution a report was made reviewing the legal history of the consent decree and the efforts made to modify or vacate it. A summary is given of the divergent economic interests involved in the question of packer participation in unrelated lines, The report recommended the enforcement of the decree against the Big Five packing companies. Transmitted February 20, 1925.

**Empire Cotton Growing Corporation** (S. Res. 317, 68th Cong., 2d sess., January 27, 1925).--This inquiry concerned the development, methods, and activities of the Empire Cotton Growing Corporation, a British company. The report discusses world cotton production and consumption and concludes that there is little danger of serious competition to the American cotton grower and that it will be many years before there is a possibility of the United States losing its position as the largest producer of raw cotton. Transmitted February 28, 1925.

**Tobacco** (S. Res. 329, 68th Cong., 2d sess., February 9, 1925).--The report on this investigation related to the activities of the American Tobacco Co. and the Imperial Tobacco Co. of Great Britain. The alleged illegal agreements, combinations, or conspiracies between these companies did not appear to exist. The report disclosed on the other hand evidences of mismanagement in a leading tobacco growers cooperative association. Transmitted December 23, 1925.

**Electric power** (S. Res. 329, 68th Cong., 2d sess., February 9, 1925) --Two reports on the electric power industry were made pursuant to this resolution. The first dealt with the organization, control, and ownership of commercial electric power companies, and showed the extreme degree to which pyramiding has been carried, in superposing a series of holding companies over the underlying operating companies. The second report related to the supply of electrical equipment and competitive conditions existing in the industry. The dominating position of the General Electric Co. is clearly brought out. Report transmitted February 21, 1927, and January 12, 1928.

**Open-price associations** (S. Res. 28, 69th Cong., special sess., March 17, 1925).--This resolution called for an investigation to ascertain the number and names of so-called open-price associations, their importance in the industry, and the nature of their activities, with particular regard to the extent to which uniform prices are maintained among members to wholesalers or retailers. Report transmitted February 13, 1929.

**Cooperative marketing** (S. Res. 34, 69th Cong., special sess., March 17, 1925).--An inquiry on the development and importance of the cooperative movement in the United States and illegal interferences with the formation and operation of cooperatives. The report includes also a study of comparative costs prices and marketing practices as between cooperative marketing organizations and other types of marketers and distributors handling farm products. Transmitted April 30, 1928.

**Petroleum prices** (S. Res. 81, 69th Cong., 1st sess., June 3, 1926).--A comprehensive study covering all branches of the industry from the ownership of oil lands and the production of crude petroleum to the conversion of petroleum into finished products and their distribution to the consumer. The report described not only the influences affecting the movements of gasoline and other products, but also discussed the organization and control of the various important concerns in the industry, No recent evidence was found of any understanding, agreement, or manipulation among the large oil companies to raise or depress prices of refined products. Report transmitted December 12, 1927.

**Stock dividends** (S. Res. 804, 69th Cong., 2d sess., December 22, 1926).--This resolution called for a list of the names and capitalization of those corporations which had issued stock dividends, together with the amount of such stock dividends, since the decision of the Supreme Court, March 8, 1920, holding that stock dividends were not taxable. The same information for the equal period prior to that decision was also called for. The report contains a list of 10,245 such corporations and a brief discussion on the practice of declaring stock dividends, concluding it to be of questionable advantage as a business policy. Transmitted December 5, 1927.

**Utility corporations** (S. Res. 83, 70th Cong., 1st sess., February 15, 1928).--This resolution directed the commission to make an investigation of electric and gas public utility companies and their holding companies with respect to their financial development and practices, the conditions respecting the control of the industry, propaganda in opposition to public ownership, and attempts to influence elections to certain offices. The resolution directed the holding of public hearings in the conduct of the investigation and called for monthly progress reports to be made to the Senate. The first of these reports was dated March 15, 1928.

**Chain stores** (S. Res. 224, 70th Cong., 1st sess., May 12, 1928).--Pursuant to This resolution the commission initiated a general inquiry into merchandising through chain stores, The study will bring out the advantages or disadvantages of This form of marketing as compared with those of other types and an examination of the activities of chain-store systems to ascertain whether they involve any violation of the antitrust laws.

**Newsprint paper** (S. Res. 337, 70th Cong., 2d sess., February 27, 1929) .--An inquiry to determine the presence of a monopoly among manufacturers and distributors of newsprint paper In the supplying of paper to publishers of small daily and weekly newspapers. Report transmitted July 3, 1930.

**Cottonseed prices** (S. Res. 136, 71st Cong., 1st sess., October 21, 1929, and S. Res. 147, 71st Cong., 1st sess., November 2, 1929).--Under direction of these resolutions the commission seeks information as to whether or not certain large cottonseed oil mill operators have acquired control of cotton gins In order to destroy the competitive market for cottonseed, and to depress prices paid the farmer. Data are also sought concerning an alleged combination in violation of the anti trust laws with respect to prices for cottonseed and cottonseed meal. The resolution calls for public hearings.

**Peanut prices** (S. Res. 139, 71st Cong. 1st sess., October 22, 1929).--Under direction of This resolution the commission seeks data concerning an alleged combination of peanut crushers and mills for price-fixing purposes in violation of the antitrust laws as well as information with respect to an alleged arbitrary decrease in prices.

**Interstate power transmission** (Si Res. 151, 71st Cong., 1st sess., November 8, 1929).--This resolution provides for the commission's filing within 30 days after passage, and at least once each 90 days thereafter until completion of the investigation, statements of the quantity of electrical energy used for development of power or light, or both, generated In any State and transmitted across State lines, or between points within the same State but through any place outside thereof.

#### AUTHORIZED BY THE HOUSE OF REPRESENTATIVES

**Bituminous coal** (H. Res. 352, 64th Cong., 1st sess., August :18. 1916).--While This resolution aimed originally at the investigation of the alleged depressed condition of the bituminous coal industry, the inquiry had not long been under way before there was a great advance in prices, and the commission In its report suggested various measures for insuring a more adequate supply at reasonable prices. War-time price control was soon after established. Reports transmitted May 4, 1917, May 19, 1917, and June 20, 1917.

**Sugar** (H. Res. 150, 66th Cong., 1st sess., October 1.1919).--The extraordinary advance in the price of sugar' in 1919 led to this inquiry, and the price advance was found to be due chiefly to speculation and hoarding in sugar. 'Certain recommendations were made for legislative action to cure these abuses. Report transmitted November 15, 1920.

**Shoe costs and prices** (H. Res. 217, 66th Cong., 1st Bess., August 19, 1919).--The high price of shoes after the war led to this Inquiry, and the investigation of the commission attributed them chiefly to supply and demand conditions. The economic waste due to the excessive variety of styles and rapid changes therein was emphasized. Report transmitted June 10, 1921.

**Cotton yarn** (H. Res. 451. 66th Cong., 2d sess., April 5, 1920).--The commission was called upon in 1920, by this resolution, to investigate the very high prices of combed cotton yarn, and the inquiry disclosed that there had been an unusual advance in prices and that the profits In the industry had been extraordinarily large for several years. Report transmitted April 14, 1921.

**Petroleum prices** (H. Res. 501, 66th Cong. 2d sess., April 5,1920).--Another inquiry into high prices of petroleum products. The report of the commission pointed out that the Standard companies practically made the prices in their

several marketing territories and avoided competition among themselves. Various constructive proposals to conserve the oil supply were made by the commission. Transmitted June 1, 1920.

**Tobacco prices** (H. Res. 533, 66th Cong., 2d sess., June 3, 1920) --All inquiry into the prices of leaf tobacco and the selling prices of tobacco products. The unfavorable relationship between them was reported to be due in part to the purchasing methods of the large tobacco companies. As a result of this inquiry the commission recommended that the decree dissolving the old Tobacco Trust should be amended and alleged violations of the existing decree prosecuted. Better systems of grading tobacco were also recommended by the commission. Report transmitted December 11, 1920

**Radio** (H. Res. 548, 67th Cong., 4th sess., March 4, 1923).--As a result of the investigation made by the commission in response to this resolution it was found that a vast number of patents were owned by and cross licensed among a number of large companies. At the conclusion of the investigation the commission instituted proceedings against these companies charging a monopoly of the radio field. Report transmitted December 1, 1923.

**Cottonseed** (H. Res. 439, 69th Cong., 2d sess., March 2, 1927).--Merged fixing of prices paid for cottonseed led to this investigation. The commission found considerable evidence of cooperation among the State associations, but the evidence as a whole did not indicate that prices had been fixed by those engaged in crushing or refining cottonseed in violation of the antitrust laws. One of the main causes of dissatisfaction to both the producer of cottonseed and those engaged in its purchase and manufacture was found to be the lack of a uniform system of grading. Report transmitted March 5, 1928.

#### AUTHORIZED BY THE PRESIDENT

**Trade and tariffs in South America** (July 22, 1915).--This report was an outgrowth of the First Pan American Financial Conference which met at Washington, May 24-29, 1915. Its immediate purpose was to furnish the American branch of the International High Commission, appointed as a result of this financial conference, with concrete information to assist it in the deliberations of the International High Commission. The tariff characteristics of Brazil, Uruguay, Argentina, Chile, Bolivia, and Peru are discussed in the report. The investigation established the prevalence of a decided protective tariff tendency in some of the South American countries as against the erroneous impression that had been created in this country that all the Latin American tariffs were devised purely for revenue. Report dated June 30, 1916.

**Food inquiry** (Feb. 7, 1917).--The general food investigation, undertaken with a special appropriation of Congress, resulted in a very important series of reports on the meat-packing industry, which had as their immediate result the enactment of the packers and stockyards act for the control of this industry and the prosecution of the big packers for a conspiracy in restraint of trade by the Department of Justice. Another branch of the food inquiry developed important facts regarding the grain trade which were of assistance to Congress in regulating the grain exchanges and to the courts in interpreting the law. Reports were also issued on the flour-milling and food-canning industries.

**War-time cost finding** (July 25, 1917) .--The numerous cost investigations made by the Federal Trade Commission during the war into the coal, steel, lumber, petroleum, cotton-textile, locomotive, leather, canned foods, and copper industries, not to mention scores of other important industries, on the basis of which prices were fixed by the Food Administration, the War Industries Board and the purchasing departments like the Army, Navy, Shipping Board, and Railroad Administration, were all done under the President's special direction, and it is estimated that 'they helped to save the country many billions of dollars by checking unjustifiable price advances.' Subsequent to the war a number of reports dealing with costs and profits were published based on these war-time inquiries. Among these may be mentioned reports on steel, coal, copper, lumber, and canned foods.

**Wheat prices** (Oct. 12, 1920).--The extraordinary decline of wheat prices in the summer and autumn of 1920 led to a direction of the President to inquire into the reasons for the decline. The chief reasons were found in abnormal market conditions, including certain arbitrary methods pursued by the grain-purchasing departments of foreign governments. Report dated December 13, 1920.

**Gasoline** (Feb. 7, 1924) --At the direction of the President, the commission undertook an inquiry into a sharp advance in gasoline prices. The report on this inquiry was referred by the President to the Attorney General and has not yet been published. Report dated June 4, 1924.

#### AUTHORIZED BY THE ATTORNEY GENERAL

**Raisin combination** (Sept.30, 1919) --A combination of raisin growers in California was referred to the commission for examination by the Attorney General pursuant to the Federal Trade Commission act, and the commission found that it was not only organized in restraint of trade but was being conducted in a manner that was threatening financial disaster to the growers. The commission recommended a change of organization to conform to the law, which was adopted by the raisin growers. Report dated June 8, 1920.

**Lumber trade associations** (Sept. 4, 1919).--An extensive survey of lumber manufacturers' associations throughout the United States. The information secured was presented in a series of reports revealing the activities and attitude of lumber manufacturers toward national legislation, amendments to the revenue laws, elimination of competition of competitive woods, control of prices and production, restriction of reforestation, and other matters. In consequence of the commission's findings and recommendations the Department of Justice initiated proceedings against certain of these associations for violations of the antitrust laws. Reports dated January 10, 1921, February 18, 1921, June 9, 1921, and February 15, 1922

#### ON MOTION OF THE COMMISSION

**Cooperation in American export trade.**--An extensive investigation of competitive conditions affecting Americans in international trade. The report disclosed the marked advantages of other nations in foreign trade by reason of their superior facilities and more effective organizations. The Webb-Pomerene Act authorizing the association of manufacturers for export work was enacted as a direct result of the recommendations embodied in this report. Reports dated May 2, 1916, and June 30, 1916.

**Commercial bribery.**--The prevalence of commercial bribery of employees was brought out in a special report to Congress. The report carried with it recommendations for legislation striking at this vicious practice. Report dated May 15, 1918.

**Resale price maintenance.**--The question whether a manufacturer of standard articles, identified by trade-mark or trade practice, should be permitted to fix by contract the price at which the purchasers could resell them led to this inquiry. The commission recommended to Congress the enactment of legislation permitting resale-price maintenance under certain conditions. Reports dated December 2, 1918, and June 30, 1919.

**Leather and shoe industries.**--The general complaint about the high prices of shoes in the latter part of 1917 as compared with the low prices of country hides led the commission to undertake this investigation. No justification for the high prices for shoes could be found and recommendations were made for the relief of this condition. Report dated August 21, 1919.

**Woolen rag trade.**--This report contains certain information that was gathered during the war at the request of the War Industries Board for its use in regulating the prices of woolen rags. The compilation of the data and the preparation of the report was authorized by the commission on June 30, 1919.

**Petroleum.**--Complaints of several important producing companies in the Salt Creek oil field led to this investigation. The report covers the production, pipeline transportation, refining, and wholesale marketing of crude petroleum and petroleum products in the State of Wyoming. Report dated January 3, 1921.

**Bituminous coal.**--The reports on investment and profit in soft-coal mining were prepared and transmitted to Congress with the belief that the information would be of timely value in consideration of pending legislation regarding the coal trade. The data covers the years 1916 to 1921, inclusive. Reports dated May 31, 1922, and July 6, 1922.

**Petroleum.**--A special report directing the attention of Congress to conditions existing in the petroleum trade in Wyoming and Montana. Remedial legislation is recommended by the commission. Report dated July 13, 1922.

**Cooperation.**--The report on cooperation in foreign countries is the result of studies of the cooperative movement in 15 European countries and concludes

with recommendations for further developments of cooperation in the United States. Report dated December 2, 1924.

**Anthracite coal.**--A report dealing with premium prices of anthracite coal charged by certain mine operators and the premium prices and gross profits of wholesalers in the latter part of 1923 and early in 1924. The report discusses also the development of the anthracite combination and the results of the Government's efforts to dissolve it. Report dated July 6, 1926.

**Panhandle petroleum** (October 6, 1926).--An inquiry into conditions in the Panhandle (Texas) oil field made in response to requests of crude-petroleum producers. The report revealed that a reduction of prices late in 1926 was largely a result of difficulties of handling and expenses of marketing this oil because of peculiar physical properties. Report dated February 3, 1928.

**Lumber trade associations.**--An investigation of the activities of five large lumber trade associations bringing down to date the study made at the request of the Attorney General in 1919-20. This inquiry has been conducted in conjunction with the inquiry into open-price associations. Transmitted February 13, 1929.

**Resale price maintenance.**--A further investigation into this subject was ordered by the commission on July 25, 1927. The study is being conducted from the point of view of its economic advantages or disadvantages to the manufacturer, distributor, and consumer, the effects on costs, profits, and prices, and the purpose and results of price cutting. Part I of the report was transmitted to Congress January 30, 1929.

**Blue-sky securities.**--This inquiry, bringing down to date a previous inquiry of the commission on which no report had been published, is directed to the nature of the abuses in the sale of worthless securities, the present methods of controlling this evil and the comparative advantages of State and Federal regulation.

**Price bases.**--An inquiry ordered by the commission into the various practices regarding price bases, namely, factory base, basing point base, and delivered base, with a view to determining the causes for the adoption of the several methods employed and the purposes intended to be served by them, and their actual or potential effects on prices and competitive conditions. This matter is still in course of investigation.

**Du Pont investments** (July 29, 1927).--The reported acquisitions of E. I. du Pont de Nemours & Co. of the stock of the United States Steel Corporation, together with the previously reported holdings in the General Motors Corporation, caused an inquiry into these relations with a view to ascertaining the real facts and their probable economic consequences. Report dated February 1, 1929.