

ANNUAL REPORT
OF THE
FEDERAL
TRADE COMMISSION
FOR THE
FISCAL YEAR ENDED JUNE 30
1940

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LETTER OF SUBMITTAL

To the Congress of the United State:

I have the honor to submit herewith the Twenty-sixth Annual Report of the Federal Trade Commission for the fiscal year ended June 30, 1940.

By direction of the Commission.

EWIN L. DAVIS, *Chairman.*

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INTRODUCTION

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THE COMMISSIONERS AND THEIR DUTIES

HOW THE COMMISSION'S WORK IS HANDLED

PUBLICATIONS OF THE COMMISSION

RECOMMENDATIONS

ANNUAL REPORT
OF THE
FEDERAL TRADE COMMISSION
FOR THE
FISCAL YEAR ENDED JUNE 30, 1940

INTRODUCTION

POWERS AND DUTIES OF THE COMMISSION

The Federal Trade Commission herewith submits its report for the fiscal year, July 1, 1939, to June 30, 1940. Organized March 16, 1915, under the Federal Trade Commission Act, approved September 26, 1914, which was amended March 21, 1938, the Commission is an administrative tribunal.

In performing its functions, the Commission's duties fall into two categories: (1) Legal activities in enforcement of the laws it administrative, and (2) general investigations of economic conditions in domestic industry and interstate and foreign commerce.

Legal activities I have to do (2) and L h of reports submits 1938,i

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“associations” entered into for the sole purpose of engaging in, and actually solely engaged in, export trade: *Provided further, however,* That the same are not in restraint of

Cases before the Commission.--The Commission made almost 1,900 investigations in cases which were in a preliminary stage or had not progressed to the status of formal complaint or stipulation. These cases were disposed of either by progression to *the* status of formal complaint, by stipulation, or by closing.

The Commission approved a total of 575 stipulations to cease and desist from various practices, executed by parties against whom informal proceedings had been instituted. Of these, 190 were specially concerned with misleading advertising matter in newspapers, magazines, or radio continuities.

The Commission issued 331 complaints against companies, associations, or individuals, alleging various forms of unfair competition or unfair, deceptive, or other unlawful acts or practices. These included 25 cases of alleged combination or conspiracy in restraint of trade through price fixing and other unlawful agreements, 220 complaints of misleading representations in advertisements, on labels, and otherwise, and complaints charging violation of the Clayton Act. In a net total of 281 cases the Commission served upon respondents its orders to cease and desist from unlawful practices which had been alleged in complaints and which were found to have been engaged in by the respondents.

Cases before the Federal courts.--In the Federal courts results favorable to the Commission were obtained in 42 cases while adverse decisions were rendered in only 3 cases. Of the 42 cases resulting favorably, 25 were appellate matters before the United States circuit courts of appeals and 17 were temporary injunction matters before the United States district courts. Of the cases adversely decided, 2 were in the circuit courts and the other in a district court. The Supreme Court of the United States denied petitions for certiorari filed by respondents in 10 cases in their efforts to reverse the circuit courts in prior decisions favorable to the Commission. Petitions for review of the Commission's orders in the circuit courts were dismissed in 7 cases on motions of the petitioners (respondents before the Commission).

Two of the favorable decisions concerned violation of the brokerage provision of the Clayton Act, the opinion in *The Great Atlantic & Pacific Tea Co.* case having been deemed a clear-cut ruling on the most important questions arising in connection with interpretation and application of that provision. In another Clayton Act case, that of *the Goodyear Tire & Rubber Co.*, the Commission petitioned for certiorari to review a circuit court's decision (rendered during the last previous fiscal year) setting aside its order which had required the Goodyear company to cease and desist from price discrimination

in violation of the Clayton Act, prior to that Statute's amendment by the Robinson-Patman Act.

Ten cases embracing lottery methods in the sale of candy were litigated, the decisions generally having been favorable to the Commission. However, in a matter involving Bunte Brothers, Inc.,

rules promulgated during the fiscal year, together with those remaining in effect from prior years, form in the aggregate a codified body of trade practice provisions and business ethics constituting a valuable guide to industry and an effective influence in maintaining the conduct of business on principles of fair competition.

TEMPORARY NATIONAL ECONOMIC COMMITTEE

Pursuant to Public Resolution No. 113, Seventy-fifth Congress, creating the Temporary National Economic Committee, Commissioners

One of the most important works undertaken by the Commission for the Temporary National Economic Committee during the year 1939-40 was the preparation of the Commission's report on the relative efficiency of large, medium-sized and small business in the United States. This study embraced more than 233 tests of business efficiency made in 18 important industries in the United States. The report included a 140-page summary and an appendix of more than 300 tables.

A number of the reports mentioned above were ready for hearings when the Temporary National Economic Committee met on May 6, 1940. The Committee, however, decided that no further hearings should be held until November 1940. In view of the Committee's decision, the Commission submitted all of its reports, except one, in written form to the Committee. The Commission reserved for hearings in the fall a study on freight discriminations in American industry. The essence of this study is a survey of the extent to which large corporations in American industry owning or controlling short line railroads receive in effect, through the operation of these lines, rebates from the large railroads.

During the year 1939-40, the Temporary National Economic Committee published as part of its publication series on *Investigation of Concentration of Economic Power* the following bulletins containing Federal Trade Commission hearings or reports:

Part 5: Monopolistic Practices in Industries.

Part 5 A: Federal Trade Commission Report on Monopolistic Practices in Industries.

Part 6: Liquor Industry (Department of Treasury and Federal Trade Commission cooperating).

Part 7.. Milk Industry. Poultry Industry.

The activities of the Temporary National Economic Committee will cease as of January 1, 1941, with the expiration of the original act.

GENERAL INVESTIGATIONS

General investigations of the Commission in progress during the fiscal year related to corporation reports, accounting methods and practices, and resale price maintenance.

Corporation reports.--A

Republican, of Minnesota; William A. Ayres, Democrat, of Kansas, and Robert E. Freer, Republican, of Ohio. Commissioner March will become Chairman in January 1941.

Each December the Commission designates one of its members to serve as Chairman during the ensuing calendar year. Commissioner Davis was Chosen Chairman for the calendar year 1940, succeeding Commissioner Freer. The chairmanship rotates, so that each Commissioner serves as Chairman at least once during his term of office. The Chairman presides at meetings of the Commission, supervises its activities, and signs the more important official papers and reports at the direction of the Commission.

In addition to the general duties of the Commissioners, in administering the statutes, the enforcement of which is committed to the Commission, each Commissioner has supervisory charge of a division of the Commission's work. Chairman Davis has supervisory charge of the Chief Counsel's Division; Commissioner Ferguson, of the Chief Trial Examiner's Division and the Trade Practice Conference Division; Commissioner March, of the Chief Examiner's Division; Commissioner Ayres, of the Administrative Division and the Medical Advisory Division, and Commissioner Freer of the Economic Division and Radio and Periodical Division. The Commission has a Secretary, who is its executive officer.

Every case that is to come before the Commission is first examined by a Commissioner and then reported on to the Commission, but all matters under its jurisdiction are acted upon by the Commission as a whole. The Commissioners meet for the consideration and disposal of such matters every business day. They have administrative charge of the work of a staff which, as of June 30, 1940, numbered 668 officials and employees including attorneys, economists, accountants, and administrative personnel engaged in Washington, and in 5 branch offices. The Commissioners hear final arguments in the cases before the Commission; usually preside individually at trade practice conferences held for industries in various parts of the country, and have numerous other administrative duties incident to their position.

HOW THE COMMISSION'S WORK IS HANDLED

The various activities of the Federal Trade Commission may be classified generally under the headings: legal, economic, and administrative.

The legal work of the Commission is under the direction of its Chief Counsel, it
Chief of activities

The Chief Counsel acts as legal adviser to the Commission, supervises its legal proceedings against respondents charged with violations of the acts administered by the Commission, has charge of the trial of cases before the Commission and in the courts, and supervises the export trade work of the Commission as conducted pursuant to the Export Trade Act.

The Chief Examiner has charge of legal investigations of applications for complaint alleging violations of the laws over which the Commission has jurisdiction, except as to probable violations which come under the observation of the Radio and Periodical Division as hereinafter explained. When the Commission undertakes investigations in response to congressional resolutions, or under section 6 of the Federal Trade Commission Act, the Chief Examiner supervises such general investigations as are primarily of a legal nature.

Members of the Chief Trial Examiner's Division president hearings for the reception of evidence in formal proceedings and certain of the investigations conducted by Executive direction, pursuant to congressional resolutions, upon the Commission's initiative, or at the request of the Attorney General. Other members of the division, who have no other function, arrange settlements by stipulation of applications for complaint, subject to the approval of the Commission.

The Division of Trade Practice Conferences conducts activities relative to the formulation and approval of trade practice rules, the holding of industry conferences in respect thereto, the administration and enforcement of such rules which have received Commission approval and are in effect, and other staff duties incident to the trade practice conference procedure.

The Radio and Periodical Division conducts preliminary investigations in cases involving allegations of false and misleading advertising. Such cases usually result from the division's continuing examination of radio and periodical advertising and are conducted under a special procedure.

The Medical Advisory Division furnishes to the Commission or any of its branches professional opinions in matters pertaining to the validity of claims made by advertisers of food, drugs, cosmetics, and devices in connection with cases instituted under the advertising provisions of the Federal Trade Commission Act as amended.

The Economic Division, under the Chief Economist, conducts those general inquiries of the Commission which are primarily of an economic nature, such as the resale price maintenance investigation. The Economic D

PUBLICATIONS OF THE COMMISSION

mission administrators, and of the measures taken by the Commission to prevent such violations of law.

The Commission publishes a monthly summary of its work reporting current progress in its various activities.

Regarding the Commission's publications, the Federal Trade Commission Act, section 6 (f), 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 of the Commission for the fiscal year ended June 30, 1940, were:

Annual Report of the Federal Trade Commission for the Fiscal Year Ended June 30, 1939. House Document No.500, Seventy-sixth Congress, second session, December 29, 1939.

Trade Practice Rules, September 1, 1935, to August 31, 1939.

Protection of the Consumer by the Federal Trade Commission. October 14, 1939.
Report to the President of the United States on Distribution Methods in the Millinery Industry, November 21, 1939.

Selected List of References on the Federal Trade Commission and Its Activities. Reproduced from the George Washington Law Review, January-February 1940.

Federal Trade Commission Rules, Policy, and Acts. June 28, 1940.

Federal Trade Commission Decisions, Volume 24, December 1, 1936-May 31, 1937; Volume 25, June 1-November 30, 1937; Volume 26, December 1, 1937-May 31, 1938; Volume 27, June 1-December 31, 1938; Volume 28, January 1-May 31, 1939, and Volume 29, June 1-November 30, 1939.

Trade practice rules for the following industries: *Mirror Manufacturing Industry,* July 19, 1939; *Radio Receiving Set Manufacturing industry,* July 22, 1939; *Cotton Converting Industry,* August 18, 1939; *Marking Devices Industry,* August 19, 1939; *Public Seating Industry,* October 3, 1939; *Curled Hair Industry,* January 12, 1940; *Sardine industry,* March 5, 1940; *Umbrella Industry,* March 9, 1940; *Tuna Industry,* March 22, 1940; *Folding Paper Box Industry,* April 5, 1940; *Uniform Industry,* May 18, 1940, and *Ripe Olive Industry,* June 14, 1940.

RECOMMENDATIONS

The Commission has nothing to add to, and nothing to subtract from, its former recommendations as frequently expressed for some years past in its various annual reports to the Congress and in reports

on particular industries. It has pointed out the steady trend toward consolidation of competing corporate entities and the resultant concentration of economic power. It has proposed amendments to section 7 of the Clayton Act calculated to halt or possibly to reverse that trend. It has emphasized that section 7 as it now stands is a practically impotent instrument to halt or reverse such a trend.

The Temporary National Economic Committee endorsed the Commission's recommendations in a report to the United States Senate in July 1939, as was shown in the Commission's Annual Report to Congress for the Year Ended June 30, 1939 (p. 15). The Committee's report recognized that the concentration of economic power in which corporate consolidations were an important factor threatens fundamental alteration in our economic structure and has created far-reaching social

PART I. GENERAL INVESTIGATIONS

CORPORATION REPORTS

ACCOUNTING METHODS AND PRACTICES

RESALE PRICE MAINTENANCE (1939)

PART I. GENERAL INVESTIGATIONS

following an inquiry made on motion of the Commission, two elementary reports on accounting methods were published (see p. 187). During the World War, the Commission was the general cost-finding agency of the Government. Determination of costs was made the principal basis for fixing the maximum prices of manufactured products. This required the specific determination of what

the field of wholesaling (whether by the manufacturer or by any other wholesaler) as against retailing. This is a natural limitation inasmuch as there are considerable differences in detail of methods between the two fields even though their underlying principles are much the same. Moreover, the Federal Trade Commission, in the administration of Federal legislation, is less directly concerned with the field of retailing.

The sources of information for the inquiry have been principally: (1) Business concerns whose cooperation was requested specifically for the purposes of this investigation, and (2) the Commission's files accumulated in its administration of the Robinson-Patman Act, and in other investigations.

Respecting these two sources, the more important detailed information was obtained from the business firms which cooperated with the Commission for this purpose. It is important to note, however, however, ~~is is is is~~ is is is is 4ions. ~~is is~~2.enTD Tatt

PART II. GENERAL LEGAL WORK

DESCRIPTION OF PROCEDURE

LEGAL INVESTIGATION

DISPOSITION OF CASES BY STIPULATION

COMPLAINTS

ORDERS TO CEASE AND DESIST

TYPES OF UNFAIR METHODS AND PRACTICES

CASES IN THE FEDERAL COURTS

TABULAR SUMMARY OF LEGAL WORK

applicable thereto, and makes recommendations as to what action he believes the Commission should take.

The record is then reviewed by the Chief Examiner and, if found to be complete, is submitted, with a brief statement of facts, and conclusions and recommendations, to the Commission for its consideration.

If a published or broadcast advertisement coming under the observation of the Radio and Periodical Division appears to be misleading, it is investigated by that

Federal Trade Commission Act., as amended, or under the Clayton Act. Both acts embody procedure for their enforcement by the Commission and their provisions in this regard were substantially the same until the passage of the amendatory Wheeler-Lea Act. However, the provisions of this act worked substantial changes in the provisions of the Federal Trade Commission Act, applicable after the Commission has issued its order to cease and desist, but did not amend the corresponding provisions of the Clayton Act.

Under the Federal Trade Commission Act, as amended, an order to cease and desist becomes final 60 days after date of service thereof upon the respondent, unless within that period the respondent petitions the United States Circuit Court of Appeals to review the order. In case of such a review, the Commission's order becomes final after affirmance by the Circuit Court of Appeals or by the Supreme Court of the United States, if taken to that court. Violation of an order to cease and desist after the same shall have become final and while it is in effect subjects the offender to a civil penalty of not more than \$5,000 for each violation, recoverable by the United States.

Under the Clayton Act an order to cease and desist does not become final, in the sense that its violation subjects the violator to a penalty, until the United States Circuit Court of Appeals shall have issued its order commanding obedience on the application or cross-application of the Commission for enforcement.

Under both acts the respondent may apply to the Circuit Court of Appeals for a review of an order, and either upon the application of the Commission for enforcement or of the respondent for review, the court has power to affirm, or affirm as modified, and to enforce to the extent affirmed, or to set aside, the order. Also, under both acts, either party may apply to the Supreme Court for review, by certiorari, of the action of the Circuit Court of Appeals.

SPECIAL PROVISIONS FOR PREVENTING DISSEMINATION OF FALSE ADVERTISEMENTS

The Wheeler-Lea Act further amended the Federal Trade Commission Act by adding special provisions for the prevention of the dissemination of false advertisements concerning food, drugs, devices (meaning devices for use in the diagnosis, prevention, or treatment of disease) , and cosmetics. In addition to the regular proceeding by way of complaint and order to cease and desist., the Commission may, in a proper case, bring suit in a United States District Court to enjoin the dissemination of such false advertisements pending issuance and final disposition of the Commission complaint.

The Chief Examiner conducts supplemental field investigations (1) in matters originating with the Radio and Periodical Division (relating to false and misleading advertising) ; (2) where additional evidence is necessary in connection with the trial of a formal complaint; (3) where it

LEGAL INVESTIGATION

ress at the close of the fiscal year, classified by commodities involved: Food products, 214; building materials, 83; manufacturers' supplies, 73; furniture and household equipment, 55; automobiles and automobile accessories, 38; clothing and accessories, 35; farm supplies, 34; petroleum products, 34 ; specialties, 31; toilet preparations, 30; pharmaceutical preparations, 26; tobacco products, 20; recreational and sporting goods, 17; school and office supplies, 13; hardware, 12; machinery, 11; publications, 11; general merchandise, 7; optical supplies, 7; medical and surgical equipment and supplies, 6; and coal, 4.

Experience has shown that a proceeding for unlawful price discrimination against one member of an industry frequently necessitates other investigations and sometimes other proceedings in the same industry. It has also been observed that the increasing numbers of Commission and court decisions on proceedings brought pursuant to the statute have served as useful signposts for others concerned with pricing and distribution questions. This has been reflected in the large number of requests for copies of the decisions as they become available.

The nature of the statute and the number of possible grounds for justification and
The

plicable portions of the act, has been continued in an effort to aid business concerns in their desire to comply with the provisions of the statute.

CLAYTON ACT, SECTION 3

The increase in the number of investigations and proceedings under section 3 of the Clayton Act which was referred to in the annual report for 1938-39 has continued during the fiscal year ended June 30, 1940. This section makes it unlawful to lease, sell, or contract to sell, fix a price, discount from or rebate upon a price on condition that the lessee or purchaser shall not use or deal in the commodities of a competitor of the lessor or seller where the effect may be substantially to lessen competition or create a monopoly in any line of commerce. (See Complaints Charging Violation of Section 3 of the Clayton Act, p.45.)

PRICE FIXING AND OTHER TRADE RESTRAINTS

Passage of the Federal Trade Commission Act in 1914 had as a fundamental purpose the establishment of an agency to detect and eliminate illegal trade restraints in their incipency before they developed into monopolies. The importance of this phase of the Commission's work is indicated by the presence on its calendar at the year's beginning of 166 cases of this type either awaiting investigation or being investigated. Ninety cases were instituted during the year, making a total of 256 restraint-of-trade cases for investigation. One hundred thirty-eight investigations were completed by the legal investigation staff and the files were forwarded to the Commission for its consideration and disposition, leaving 118 cases pending at the end of the year on the Commission's active investigational calendar.

Price fixing continues to be the most frequently recurring charge among the restraint-of-trade cases. However, the whole category of trade restraints will be found among the charges in the cases pending before the Commission during the last year. These include practices such as conspiracy to boycott or threats of boycott; interference with sources of supply and with distributing outlets; threats of infringement suits not made in good faith; sales below cost for the purpose of injuring competitors; collusive bidding; intimidation of competitors or potential competitors; coercive practices; espionage; operation of bogus as 606 Commission 52 0 TD 0 Tc () Tj 6.24 0 TD

trade investigations: Agricultural supplies; automotive equipment and supplies; beauty and barber supplies; beverages; bottle tops; burial vaults; clothing, cloth, notions, etc.; confectionery; construction materials and supplies; containers; dental equipment and appliances; fertilizer; food products; fuel; golf clubs and equipment; household wares, furnishings, and equipment; ice lumber and lumber products; machinery, tools, and equipment; metal and metal products; mineral fibers; office supplies and equipment; paint, varnish, etc.; paper and paper products; paving supplies; photographic supplies and optical goods; printing and engraving; publications; radios; razors and accessories; rubber and rubber products; silverware; technical instruments; textile fabrics; tobacco; vegetable fibers; vending machines; and vitrified products.

Federal, State and city governments or their agencies continue to be important sources of applications for complaint in cases involving the receipt of identical bids or other evidence of the existence of unlawful price fixing. Forty-five applications from these sources were before the Commission and its staff for investigation and disposition during the fiscal year ended June 30, 1940. These represented a decrease of 26 from the previous year, which was largely due to the Commission's activity against price-fixing combinations. The benefits resulting from this activity are well explained in a letter received by the Commission. It read, in part:

The present system of reporting suspected collusive bidding on municipal contracts and the subsequent examination of the facts by your Commission has resulted in the breaking up of many monopolistic and surreptitious practices in connection with city purchases and has saved the tax-payers thousands upon thousands of dollars annually.

Thirty-four restraint-of-trade investigations were initiated by the Commission on its own motion; a few applications for complaint came from miscellaneous sources, but the great majority continued to come from individuals or concerns whose business had been jeopardized by the alleged unfair and illegal practices against which they complained.

FIELD INVESTIGATIONS OF CASES INVOLVING FOOD, DRUGS, DEVICES, AND COSMETICS

Since enactment of the Wheeler-Lea amendment to the Federal Trade Commission Act, the Commission has completed 991 field investigations of alleged violations of section 12 which relates to false advertising of food, drugs, devices, and cosmetics. Of these, 442 were completed during the fiscal year ended June 30, 1940. This number included new cases as well as old cases reinvestigated to determine whether or not Commission cease and desist orders, and stipulations executed by advertisers and accepted by the Commission,

were being violated, and whether additional practices not previously prohibited were

sion Act involving false advertisement of dangerous food, drugs, curative devices, or cosmetics, or where violation of the Clayton Act, or the criminal sections of the Sherman Act, or of any other Statute, is believed to have occurred. The Commission reserves the right in all cases, for any reasons which it regards as sufficient, to refuse to extend the privilege of stipulation.

All stipulations are for the public record.

Unfair trade practices

mill basis, was charged against manufacturers of such product, and their officials, members of an association controlling the output of the product in the territory east of the Mississippi and south of the Ohio and Potomac rivers. (For further details see Orders to Cease and Desist, p.65.) (3868.)

Association of members of the transparent materials converting industry and nine members.--A trade association and 9 member manufacturers, controlling more than 90 percent of the country's output of transparent cellulose sheeting products, were charged with a combination and conspiracy to fix and maintain uniform prices. (3897.)

Jewish kosher delicatessen dealers association and suppliers.--An association of Jewish kosher delicatessen dealers and its members, together with three suppliers of products dealt in by them, were charged with combination and conspiracy to restrain competition in kosher food products, with the result of enhancing prices to the consuming public. (3908.)

Association of retail coal dealers and producers and wholesalers of coal.--This complaint alleges an agreement between an association of retail coal merchants and a number of producing companies and their wholesalers to fix uniform prices for the sale of coal at retail. The producers and their wholesalers agreed that they would not sell to dealers unless they were members of the local association or observed the prices fixed by the association. The respondent retailers were charged with threatening to boycott, and boycotting, the producers and wholesalers who would not adhere to the price-fixing policies of the dealers' association. (3911.)

An association of bean shippers, and others.--The complaint charges a bean shippers' association, its officers, directors, and members, with having combined and conspired to eliminate and suppress competition in the purchase and sale of beans in interstate commerce. The membership is comprised of 9 jobbers and some 150 operators of country elevators in Michigan. These jobbers and elevator men handle more than 80 percent of the beans grown in that State, and the State produces some 80 percent of the total crop of white pea beans (commonly known as navy beans) entering into commerce in the United States. (For further details see Orders to Cease and Desist, p.66.) (3937.)

Association of ice manufacturers, its officers and members.--An agreement and combination to fix and maintain uniform minimum prices for ice and to suppress and eliminate competition, and the unfair disparagement of the product of certain competitors, were charged against an association of ice manufacturers, its officers and members. (3946.)

I. COMPLAINTS UNDER FEDERAL TRADE COMMISSION ACT 39

Association of producers and distributors of compressed air machinery and pneumatic tools.--An unincorporated association and its

Cotton ginner, compressor, warehousemen and others.--A cotton

performance, or results to be obtained by the use of various products ; 28 charged misrepresentation as to composition, quality, ingredients, construction, or condition, including alleged misrepresentation of old products for new; 17 alleged passing off of products as possessing quality or qualities they did not have or as being made of material of a different character from that of which they actually were composed, the latter classification embracing principally leather goods or furs; 7 complaints alleged misbranding of pocket knives to indicate they were standard Boy Scout equipment; 13 alleged passing off of domestic products as imported or of imported products as domestic, and three complaints charged misrepresentation of correspondence schools or home-study courses.

Fifteen complaints alleged misrepresentation as to business status such as business connections, and size and extent of plant or business. This category also included the representation by distributors that they were producers. Eleven complaints alleged use of fictitious price markings, including in some instances also alleged misrepresentation as to the character of the product. Other complaints alleged appropriation or simulation of the trade name of a competitor or of a well-known manufacturer, disparagement of a competitor's product, or misrepresentation of the advertiser's as compared with competing products; misrepresentation of financial returns to agents or to purchasers; misrepresentation of methods of doing business, involving prices, terms and conditions, ingredients used, and quality of work; misrepresentation of the value of products and coupons, of the terms under which coupons are redeemed, and with respect to prize contests; misleading practices in the issuance of guarantees and seals of approval, and publication of exaggerated claims for products advertised; false representation that a patent was pending, and misleading use of the name "Junior League."

C. MISCELLANEOUS COMPLAINTS

Alleged lotteries or gift enterprises.--More than 50 complaints charged manufacturers and dealers in candy, novelty merchandise, cigars, peanuts, food products, pipes, clothing, furs and fur garments, garment65.9S t h(e) Tj 2 A,n1 2.28 0 0 TDevin3

by such customers, through such officials or employees, of the respondents' products, was charged in a complaint issued against a corporation and its president and sales manager, manufacturing paints, varnishes, stains, thinners, sealers and other wood-finishing products. (For further details see Orders to Cease and Desist, p.67.) (4048.)

Alleged monopolistic practices.--A manufacturer of piston rings and other replacement parts for motor vehicles, was charged with practices having a tendency to create monopoly, and unreasonably restrain manufacturers of competitive products in disposing of their merchandise to jobbers and wholesale distributors. These practices, allegedly intended to lure away the distributors of competitors, included offering to buy up stocks of competing products or give credit for them in exchange for the products of the respondent, offering to lend money and to guarantee increases in profits to dealers, and disparagement of the products of competitors. (4030.)

Alleged misleading practices in the issuance of guaranties and seals of approval and publication of exaggerated claims for products advertised.--Complaint was issued against a magazine publisher alleging, among other things, that the respondent represented that its shopping service was a "free" service, when in fact the magazine received substantial commissions for the service from the sellers ; that the respondent guaranteed generally all products advertised in the pages of its magazine when the guarantee provided only a "money-back" special guarantee ; that the magazine had a number of so-called seals of approval which it authorized advertisers to use, both in its own amid other publications, and that, because of similarity of text and the appearance of the name of the magazine in all of them, the public was confused and misled into the belief that all such seals indicated the products had been scientifically tested and approved by the magazine. In truth, it was charged, some of the seals were for use, and were used, in connection with the advertisement of products which had not been tested and approved. Further, it was alleged that use of these seals and of statements made and authorized by the magazine, had a capacity and tendency to lead the public to believe that the magazine accepted only truthful advertising, when in fact it had accepted advertisements that were false and misleading. (3872.)

II. COMPLAINTS UNDER THE CLAYTON ACT³

ALLEGED VIOLATION OF SECTION 2 (A) OF CLAYTON ACT AS AMENDED BY

ROBINSON-PATMAN ACT

For the purpose of brevity, the following summaries do not mention that each complaint contains allegations concerning a necessary ele-

³ For text of Clay ton Act, see Appendixes, p.163.

ment in all price-discrimination cases, namely, the effects of the practices charged which “may be substantially to lessen competition or tend to create a monopoly in any line of commerce,

Paint.--One of the largest manufacturers and distributors of paint, and its wholly-owned subsidiary corporations, were charged with discriminations in price in various ways ; among others, by the discriminatory use of discounts allegedly granted through classifying buyers selling to consumers as wholesalers or distributors in some instances and as retailers in other instances, and the combining of orders to obtain quantity discounts. (3965.)

Crayon manufacturers.--Two of the largest manufacturers and distributors of crayons, chalk, and allied products were charged in separate complaints with having directly discriminated in price between their customers purchasing such products and with having indirectly discriminated by compensating some customers for services connected with the resale of such products.

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taining provisions whereby the licensee corporations were to purchase from the respondent licensor all the parts, apparatus, and equipment necessary for the manufacture, sale, and installation by them of carbon-dioxide fire-extinguishing systems and carbon-dioxide portable fire

systems the 1.96 0 FDV Collection 15 May 2023

the fiscal year ended June 30, 1940. One of the 282 orders was rescinded, leaving a net total of 281.

The following list of respondents who were served With orders to cease and desist contains 280 names, due to the rescission of the one order and to the fact that 2 of the orders had been directed against the same respondent and related to substantially the same subject matter, this respondent's name consequently appearing but once.

LIST OF RESPONDENTS

<i>Respondent</i>	<i>Location</i>
Adele, Mme., and others	San Francisco.

LIST OF RESPONDENTS

LIST OF RESPONDENTS

<i>Responded</i>	<i>Location</i>
Cardinal Company, and others Misrepresenting therapeutic value and failing to disclose harmful potentialities: medicinal preparations.	St. Louis.
Casa Blanca Cigar Co., and others Passing off cigars not hand-made or composed of Cuban tobacco, as hand-made, Havana cigars: cigars.	York, Pa.
Chanel, Inc. Passing of domestic products as imported products: cosmetics.	New York.
Chapman Health Products Co., and others Misrepresenting therapeutic value and failing to disclose harmful potentialities: medicinal preparations.	Cleveland.
Chenille Corporation of America Passing off machine-made products as hand-made products: rugs.	Chicago.
Christopher Candy Co. Lottery: candy.	Los Angeles.
Civilian Preparatory Service, Inc. Misrepresenting availability of positions and relation to Federal Government: correspondence school (civil service).	Huntington, W. Va.
Clearwater, H. P. Misrepresenting therapeutic value: medicinal preparations.	Hallowell, Me.
Commonwealth Publishing Co Distributor claiming to be publisher and printer; misrepresenting financial returns to agents; representing that products have been approved by state and government officials, and that their use is a requirement in making tax returns: accounting systems for income tax.	Chicago.
Consolidated Candy Co., Inc., and others Lottery: candy.	Dallas.
Consolidated Pinnacle Coal Co., and others Passing off respondent's products as a superior product handled by competitors: coal.	Denver.
Consolidated Silver Co. Of America Misrepresenting value of premiums and terms under which coupons are redeemed; falsely claiming affiliation with favorably known business firms: silverware distributed as premiums in connection with a sales-promotion plan.	Detroit.
Coty, In., and others Passing off domestic products as imported products: cosmetics.	Wilmington, Del.
Crete Mills Misrepresenting results effected: poultry feed.	Crete, Nebr.
Crown Distributing Co., and others Lottery: novelty merchandise.	Los Angeles.
Cuban Health Products, Inc. Misrepresenting therapeutic value: honey.	Lansing, Mich.

LIST OF RESPONDENTS

<i>Respondent</i>	<i>Location</i>
Curl-O-Wave Co Misrepresenting results effected and failing to disclose harmful potentialities: cosmetics.	Chicago.
Curtice Brothers Co Price discrimination: food products.	Rochester, N. Y.
Danson Laboratories, and others Misrepresenting therapeutic value: treatments for alcoholism.	Chicago.
Darling & Co., Inc Buying raw materials at enhanced prices unwarranted by trade conditions: hides and fertilizers.	Do.
Dearborn Sales Co Lottery: novelty merchandise.	Do.
Dearborn Supply Co Misrepresenting results effected: cosmetics.	Do.
Dewberry Engraving Co., and others Unwarranted disparagement of methods used by competitors: photo-engravings.	Birmingham, Ala.
Diamond Knitting Mills Inc Misrepresenting silk content: knitted wearing apparel.	Philadelphia.
Diesel Power-United Engineering Schools, and others Misrepresenting instruction, availability of positions, and prospective earnings of students: correspondence school (diesel engines, air conditioning, and refrigeration).	San Francisco.
Diesel Engineers, Associated Misrepresenting instruction, availability of positions, and prospective earnings of students; passing off a school as an association of engineers: correspondence school (diesel engines and air conditioning).	Los Angeles.
Dixon Crucible Co., Joseph, and others Combining in restraint of trade: pencils.	Jersey City, N.J.
Economy Men's Hat Co., Inc., and others Passing off reconditioned merchandise as new merchandise: hats.	New York.
Ehrhart Conrad Co Lottery by means of sales-promotion plan: food products.	Hanover, Pa.
Eileen-Joy Fashions, Inc., and others Misrepresenting silk content: wearing apparel.	New York.
Erwin Feather Quilt Co Quoting regular prices as reduced prices: bedding and draperies.	Columbus, Ohio.
Esquire Products Lottery: novelty merchandise.	Chicago.
Establishments Rigaud, Inc., and others Passing off domestic products as imported products: cosmetics.	New York.
Evans Candy Co Lottery: candy.	Atlanta.

LIST OF RESPONDENTS

<i>Respondent</i>	<i>Location</i>
Excelsior Hat Works Passing off reconditioned merchandise as new merchandise: hats.	Jersey City, N. J.
Fairbanks Tailoring Co Misrepresenting wool content; misrepresenting financial returns to agents: wearing apparel.	Chicago.
Fairfield Engineering Co Misrepresenting performance: coal feeding mechanisms.	Marion, Ohio.
Fascination Candy Co Lottery: candy.	Chicago.
Federal Organization, Inc., and others Misrepresenting therapeutic value and failing to disclose harmful potentialities : medicinal and hygienic preparations and appliances.	Brooklyn, N. Y.
Felloin Publishing Co Misrepresenting circulation to induce purchase of advertising space: magazines	San Francisco.
Ferrell, Jean, Inc Misrepresenting therapeutic value and failing to disclose harmful potentialities : dehydrated food products.	Chicago.
Floracube Co., Inc Misrepresenting therapeutic value: medicinal preparations.	Los Angeles.
Ford Motor Co., and others Misrepresenting Interest rates: financing plans for the purchase of automobiles.	Dearborn, Mich.
Forson Laboratories, Inc Misrepresenting therapeutic value: medicinal preparations.	New York.
Fruit & Produce Exchange, and others Price discrimination : food products.	Memphis.
Frye Co Misrepresenting therapeutic value: medicinal preparations.	Watertown, Mass.
Gair Manufacturing Co Lottery : novelty merchandise.	Chicago.
Gardner Remedies, Inc Misrepresenting therapeutic value: medicinal preparations.	Seattle.
General American Sales Corporation, and others Lottery : novelty merchandise.	Chicago.
General Distilleries Corporation Rectifier, blender ammo] bottler claiming to be distiller: spirituous beverages.	Hartford, Conn.
General Motors Corporation, and others Misrepresenting interest rates : financing plans for the purchase of automobiles.	Detroit.
Gimmibel Brothers, Inc., and others Misrepresenting wool content: fabrics.	New York.
Globe Rummage Mart Misrepresenting quality and condition of merchandise: reconditioned wearing apparel.	Chicago.

LIST OF RESPONDENTS

<i>Respondent</i>	<i>Location</i>
Gold Medal Farms, Inc., and others Coercing farmer producers Into Joining a cooperative association organized by respondents rather. than a cooperative bargaining agency created under the provisions of the New York State law : milk.	New York.
Gravitonic Life Ray Corporation, Inc., and others Misrepresenting therapeutic value : electric table for diagnosis and treatment.	Hollywood, Calif.
Great Britain Spiritualist Church, and others Distributor claiming to be manufacturer; quoting enhanced prices as regular prices and passing off domestic products as imported products : cosmetics, soap, horoscopes, etc.	Detroit.
Great Buckeye Candies, Inc Lottery : candy.	Akron.
Grey The Fur Designer, John, Inc Passing off domestic products as imported products; passing off designs of domestic origin as the work of certain well-known foreign designers : patterns for fur garments.	New York.
Grove Laboratories Inc Mi08 Tc 1.7512pres-36.76 0 T6aas.	St. Louis.

LIST OF RESPONDENTS

<i>Respondent</i>	<i>Location</i>
Inland Sales Corporation Lottery : novelty merchandise.	Chicago.
International University of Commerce, and others Passing off a business school as a university; misrepresenting instruction, availability of positions, and financial returns to agents: correspondence school (accountancy, commercial law, and business administration).	Do.
Interstate Premium Novelty Co Lottery : novelty merchandise.	Brooklyn, N. Y.
Jelke Co., John F., Inc Unwarranted disparagement of competing products: oleomargarine.	Chicago.
Johns-Manville Corporation, and others Misrepresenting mineral content: building insulation.	New York.
Johnson & Johnson, and others Combining in restraint of trade : surgical supplies.	New Brunswick, N. J.
Johnson Co., Howard D Passing off factory-made merchandise as home-made merchandise: ice cream, candy, and bakery products.	Wollaston, Mass.
Johnson's Lixolene Co Misrepresenting therapeutic value and failing to disclose harmful potentialities: medicinal preparations.	Elsinore, Calif.
K & S Sales Co., and others Misrepresenting value of premiums and terms under which coupons are redeemed: silverware distributed as premiums in connection with a sales-promotion plan.	Chicago.
Kaufman Brothers & Bondy, Inc Lottery : novelty merchandise.	West New York, N. J.
Kidde & Co., Walter, Inc., and others Negotiating exclusive dealing contracts; collusive bidding: fire extinguishers.	New York.
Kidder Oil Co Misrepresenting financial returns to agents: auxiliary lubricating oil.	La Crosse, Wis.
Kirk Medicine Co Misrepresenting therapeutic value: medicinal preparations	North Hollywood, Calif
Knox Co Misrepresenting therapeutic value: medicinal preparations.	Los Angeles.
Kronbehn & Son, Milton S., Inc., and others Combining in restraint of trade : spirituous beverages.	Washington, D. C
Lady Esther Ltd Misrepresenting results effected : cosmetics.	Chicago.
Laing, Harrar & Chamberlain, Inc., and others Misrepresenting therapeutic value: medicinal preparations.	Chicago.

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harmful potentialities: medicinal preparations.

LIST OF RESPONDENTS

<i>Respondent</i>	<i>Location</i>
Lee-Moore & Co., and others Lottery : novelty merchandise.	Chicago.
Lenoir Woodfinishing Co., Inc., and others Inducing the purchase or recommendation of merchandise by employees of prospective customers by dispensing gratuities to said employees without the knowledge of their employers: paints and varnishes.	Lenoir, N. C.
Linkman & Co., M Lottery : novelty merchandise.	Chicago.
Longfield, Arthur New York. Appropriating trade name and simulating trade dress of competitor : table sauce.	
Longwear Paint & Varnish Works Misrepresenting composition : paints and varnishes.	North Kansas City Mo.
Magnecoil Co., Inc Salt Lake City. Misrepresenting therapeutic value : electric blankets.	
Manhattan Hat Co., Inc., and others Passing off reconditioned merchandise as new merchandise : hats.	New York.
Marharn Sales Co Lottery : novelty merchandise.	Philadelphia
Marlin Firearms Co Distributor claiming to be manufacturer: razor blades.	New Haven, Conn.
Marrow Manufacturing Co., J. W Misrepresenting results effected : cosmetics.	Chicago.
Martin Custom-Made Tires Corporation Passing off regular merchandise as custom-made merchandise; misrepresenting the number of plies: automobile tires.	New York.
Mayos Products Co., and others Misrepresenting therapeutic value and failing to disclose harmful potentialities: medicinal preparations.	Chicago.
Maze Co., W. H Unwarranted disparagement of competing products: roofing nails.	Peru, Ill.
McDonnell & Sons, Inc Distributor claiming to be quarrier : granite monuments and memorials.	Buffalo.
McDowell, Pyle & Co., Inc Lottery : candy and nuts.	Baltimore.
McKesson & Robbins, Inc Unwarranted disparagement of competing products; misrepresenting results effected and failing to disclose harmful potentialities : dentifrices.	Bridgeport, Conn.
McKinley-Roosevelt College of Arts and Sciences Passing off a business school as a college or university; misrepresenting instruction offered : correspondence school (business administration, law, chemistry, arts and sciences, etc.).	Chicago.
Mentho-Mulsion, Inc., and others Misrepresenting therapeutic value: medicinal preparations.	Atlanta.

LIST OF RESPONDENTS

<i>Respondent</i>	<i>Location</i>
Merrill Candy Co Lottery : candy.	Merrill, Wis.
Metz Brothers Baking Co Price discrimination : bakery products.	Sioux City, Iowa.
Michigan Bean Shippers Association, and others Combining in restraint of trade : food products.	Saginaw, Mich.
Midwest Merchandise Co Lottery : novelty merchandise.	Kansas City, Mo.
Mills Sales Co. of New York, Inc., and others Lottery : novelty merchandise.	New York.
Milton Products Co Misrepresenting quality ; misrepresenting adequacy of instruction : telescopes, jewelry, and books of instruction in music, ventriloquism, dancing, etc.	Chicago.
Mississippi Sales Co., Inc., and others Price discrimination : food products.	Meridian, Miss.
Mode Novelty Co., and others Newark, N. J. Passing off reconditioned merchandise as new merchandise : hats.	
Model Lingerie Co., and others Lottery : clothing.	Chicago
Mon roe Chemical Co., and others Misrepresenting results effected : hair dyes.	Quincy, Ill.
Monticello Drug Co Misrepresenting therapeutic value: medicinal preparations.	Jacksonville, Fla.
Morben Hat Works, Inc., and others Passing off reconditioned merchandise as new merchandise : hats.	New York.
Morgan & Company, E. A., and others Misrepresenting results effected: run-proof preparations for lingerie.	Cincinnati.
Motex Co., and others MispreNew York.	Lowell, Mass.

LIST OF RESPONDENTS

<i>Respondent</i>	<i>Location</i>
Roosevelt Mercantile Co Misrepresenting quality, variety, and condition of merchandise ; misrepresenting financial returns to purchasers : wearing apparel, both new and reconditioned.	Chicago.
Rose & Co., J Lottery : candy and novelty merchandise.	St. Louis.
Roxanna Canning Co Misrepresenting Ingredients : dog food.	Lebanon, Ohio.
Rub Co., and others Misrepresenting results effected : gasoline-saving devices and auxiliary lubricating oil.	Los Angeles.
Saks & Co Misrepresenting silk content; misrepresenting prices and style: wearing apparel.	New York.
Saks at 34th Street Passing off domestic products as imported products : cosmetics.	Do.
Sales Stimulators, and others Misrepresenting value of premiums and terms under which coupons are redeemed : silverware, clocks, and electric shavers distributed as premiums in connection with a sales-promotion plan.	Chicago.
Schall Candy Co Lottery : candy.	Clinton, Iowa.
Schickerling Research Laboratory, Conrad Distributor falsely claiming to maintain a laboratory and to hold patents on the merchandise distributed; misrepresenting results effected: electric lamps used in connection with photography.	Orange, N. J.
Schottland, A., Inc., and others Misrepresenting silk content : lingerie.	New York.
S. M. Laboratories Co Misrepresenting therapeutic value and failing to disclose harmful potentialities: medicinal preparations.	Seattle.
Scidel & Son, M Lottery , passing off rabbit peltries as superior furs : furs and fur garments.	New York.
Sekine, Co., I., Inc Passing off imported products as domestic products : tooth brushes.	Do.
Shanks Laboratories Misrepresenting therapeutic value and results effected : dog remedies and hair tonic.	Columbus, Ohio.
Shaw & Davis, Inc., and others Retail dealer claiming to be wholesale dealer: jewelry, silverware, and leather goods.	New York.
Sifers Candy Co Lottery : candy	Iola, Kans.
Silver Manufacturing Co., and others Lottery : novelty merchandise.	Chicago.

LIST OF RESPONDENTS

Respondent

LIST OF RESPONDENTS

<i>Respondent</i>	<i>Location</i>
Sumlak Co. Misrepresenting therapeutic value and failing to disclose harmful potentialities : medicinal preparations.	Cincinnati.
Superior Textile Mills	

LIST OF RESPONDENTS

<i>Respondent</i>	<i>Location</i>
Universal Cordage Co., Inc Passing off reconditioned merchandise as new merchandise : reconditioned rope.	Brooklyn, N. Y.
Universal Studios, Inc., and others Misrepresenting prices and passing off tinted enlargements of photographs as paintings : tinted photographs.	St. Paul.
Usona Shirt Co Passing off factory-made merchandise that is susceptible to shrinkage, as fully shrunk, custom-made merchandise : wearing apparel.	New York.
Valligny Products, Inc. Misrepresenting results effected ; passing off domestic products as Imported products : hair dyes.	Do.
Van Products Co Misrepresenting therapeutic value and failing to disclose harmful potentialities: hygienic preparations.	New Milford, N. J.
Van Vleck Co., Dr Misrepresenting therapeutic value: medicinal preparations.	Jackson, Mich.
Virginia Products Co., and others Passing off as "Virginia ham", products not produced from Virginia livestock : canned meat.	Richmond, Va.
Vit-O-Net Co. and others Chicago. Misrepresenting therapeutic value : electric blankets.	
W. E. and M E. Medicine Co Misrepresenting therapeutic value: medicinal preparations.	Philadelphia.
Waco Drug Co Misrepresenting therapeutic value: medicinal preparations.	Portland, Oreg.
Wagner's Sons Co., W. T Passing off domestic products as imported products : soft drinks.	Cincinnati.
Wahl Co Misrepresenting construction and quality : fountain pens.	Chicago.
Waldes Koh-I-Noor, Inc., and others Passing off Inferior merchandise as reproductions of superior goods : handbags.	Long Island City, N. Y.
Ward Manufacturing Co Misrepresenting results effected : a flue attachment for gas ranges.	Detroit.
Wardell Piano Co Sioux City, Iowa. Quoting regular prices on new merchandise as reduced prices on repossessed merchandise : musical instruments.	
Washington Laundry Washington, D C. Falsely representing that Ivory soap is used exclusively : laundry service.	

LIST OF RESPONDENTS

<i>Respondent</i>	<i>Location</i>
Weiss Bedding Co., Inc., and others Misrepresenting cotton felt content and falsely representing that merchandise complies with state requirements: mattresses.	Louisville, Ky.
Wells Cosmetic Co., Betty Misrepresenting results effected : cosmetics.	Capitola, Calif.
Wells Sales Co Lottery : novelty merchandise.	Chicago.
Western Novelty Co Lottery : novelty merchandise.	Denver.
Westminster Tire Corporation Misrepresenting number of plies : automobile tires.	New York.
Williams & Wilkins Co Price discrimination : medical and scientific books.	Baltimore.
Wright Products Co Lottery : novelty merchandise.	Chicago.
Wyeth Chemical Co. Misrepresenting therapeutic value: preparations for removing corns and calluses	Jersey City, N. J.
Yardley of L0.0h45 -ks.	

to fix or maintain uniform prices, terms, or conditions in the sale of comparable wood-

cased lead pencils, changing simultaneously the prices at which such pencils are to be sold, adopting, fixing, or determining uniform schedules of quantity or annual cumulative discounts on such pencils, fixing or determining uniform prices of lead pencils known as "blanks," and offering uniform bids on such pencils to prospective purchasers. (3643.)

Johnson & Johnson,

and vegetable containers ; preparing, publishing, and circulating lists of recognized dealers and jobbers for the purpose or with the effect of indicating that the persons or concerns so specified are entitled to certain discounts not to be accorded others. (See *The Stevenson Corporation*, Cases in the Federal Courts, p.93.) (3556.)

Walter Kidde & Co., Inc., New York, and others.--The respondents are five companies engaged in the manufacture, assembly, and sale of fire-fighting equipment, including carbon dioxide fire-extinguishing systems and carbon dioxide portable fire extinguishers. The Commission ordered them to cease and desist from the following practices by agreement or combination : Fixing and maintaining uniform prices for parts, accessories, and apparatus for use or in connection with the manufacture or assembly of carbon dioxide fire-extinguishing systems and carbon dioxide portable fire extinguishers ; compiling, publishing, and distributing any list of prices for such parts, accessories, and apparatus ; and filing uniform bids where competitive bids are called for by governmental agencies or other buyers. The respondent *Walter Kidde & Co.* was further ordered to cease making any sale or contract for the sale of such parts, or fixing a price charged therefor, on the condition, agreement, or understanding that the purchaser thereof should not use or deal in the goods of a competitor of such respondent in violation of section 3 of the Clayton Act. (The complaint in this case is referred to under *Fire-Fighting Equipment, Parts, and Supplies*, p.45.) (3929.)

Milton S. Kronheim & Son, Inc., Washington, D C., and others.--Resale-price maintenance by agreement and threats of boycott are among practices prohibited in an order to cease and desist issued against six Washington wholesale liquor dealers, a wholesale and a retail trade association, and the Secretary of the retail association. Each organization was found to have enforced observance by its members and others of price-maintenance policies. In furtherance of these policies it was found that the retail association, its secretary, and the dealer members agreed that District of Columbia wholesalers should be notified not to supply liquors to price-cutting retailers under threatened penalty of boycott, and that products of wholesalers who permitted their liquors to be sold to price-cutting retailers should be boycotted, and threats of boycott made. The retail association was found to have employed private detectives to check on shipments by wholesalers to retail price cutters. (3400.)

Southern Vitrified Pipe Association, Cincinnati, and others.--An order was issued directing the respondent manufacturers, or any two or more of them, to cease and desist from fixing or establishing prices, terms, and conditions of sale by concerted action, agreement or understanding ; from carrying on, through the respondent association or other central agency, or through meetings, or otherwise, discussions

from fixing and maintaining “picking” charges, and from adopting or maintaining any rule or rules of practice that might prevent the use of any machine, device, or method

of their paint and varnish

discounts based upon the aggregate purchases of the group and not upon the value of the shipments to the respective member. Also, the discounts were applied retroactively to all purchases during a year. (3840.)

American Oil Co., Baltimore, and General Finance, Inc., Washington, D C.--The respondent oil company, as supplier, and the respondent finance company, as purchaser for resale, were ordered to cease and desist, respectively, from granting, on the one hand, and knowingly receiving, on the other, a discrimination in price in the sale and purchase of gasoline. It was found that the oil company was selling its gasoline to the finance company (operator of a gasoline station in Washington which supplied a fleet of taxicabs controlled by it) under a commercial consumer contract at lower rates than the posted retail tank-wagon prices charged other retail gasoline dealers. The gasoline so purchased was in part resold to the public and in part supplied to the taxicab drivers. (3843.)

Jake Felt, Memphis, Tenn., Charles V. Herron, Evansville, Ind., and Mississippi Sales Co., Inc., Meridian, Miss.--In these cases the respondents were ordered to cease and desist, in connection with the purchase of food products in interstate commerce, from the practice of accepting from sellers brokerage fees or commissions or any allowance or discount in lieu thereof. A number of sellers of commodities joined in each complaint, were ordered to cease paying or granting such brokerage fees or commissions or allowances to the respondent buyers and their agents. (3765, 3916, and 3511.)

C. R. Anthony Co., Oklahoma City, Okla.--In this case the respondent maintained an office in New York under the name of the Anco Co., the employees of which office were paid on a salary basis. Such employees purchased for and in the name of the respondent the requirements of some 57 retail department stores operated by the respondent in Oklahoma, Kansas, Texas, and New Mexico. (3772, 3773, 3774, 3775, 3776, 3777, 3778, 3779, 3780, 3781, 3782, 3783, 3784, 3785, 3786, 3787, 3788, 3789, 3790, 3791, 3792, 3793, 3794, 3795, 3796, 3797, 3798, 3799, 3800)

4. Procuring the business or trade secrets of competitors by espionage, or by bribing their employees, or by similar means.

5. Inducing employees of competitors to violate their contracts and enticing them away in such numbers or under such circumstances as to hamper or embarrass the competitors in the conduct of their business.

6. Making false and disparaging statements respecting competitors' products and business, in some cases under the guise of ostensibly disinterested and specially informed sources or through purported scientific, but in fact misleading, demonstrations or tests

7. Widespread threats to the trade of suits for patent infringement arising from the sale by competitors of alleged infringing products, not in good faith but for the purpose of intimidating the trade and hindering or stifling competition; and claiming, without justification, exclusive rights in public names of unpatented products.

8. Trade boycotts or combinations of traders to prevent certain wholesale or retail dealers or certain classes of such dealers from procuring 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.

9. Passing off goods for products of competitors through appropriation or simulation of such competitors' trade names, labels, dress of goods, or counter-display catalogs.

10. Selling rebuilt, second-hand, renovated, or old products, or articles made in

use by trade associations of so-called standard cost systems, price lists, or guides, or exchange of trade information calculated to bring about these ends, or otherwise restrain or hinder free competition.

16. Intimidation or coercion of producer to cause him to organize or join, or to prevent him from organizing or joining, produces cooperative association.

17. Aiding, assisting, or abetting unfair practice, misrepresentation, and deception, and furnishing means or instrumentalities therefor, and combining and conspiring to offer or sell products by chance or by deceptive methods, through such practices as supplying dealers with lottery devices, or selling to dealers, and assisting them in conducting, contest schemes as a part of which pretended credit slips or certificates are issued to contestants, when in fact the price of the goods has been marked up to absorb the face value of the credit slip, and the supplying of emblems or devices to conceal marks of country of origin of goods, or otherwise to misbrand goods as to country of origin.

18. Various schemes to create the impression that the customer is being offered an opportunity to make purchases under unusually favorable conditions when such is not the case, such schemes including-

(a) Sales plans in which the seller's usual price is falsely represented as a special reduced price for a limited time or to a limited class, or false claim of special terms, equipment, or other privileges or advantages.

(b) The use of the "free goods" or service device to create the impression that something is actually being thrown in without charge, when it is fully covered by the amount exacted in the transaction as a whole, or by services to be rendered by the recipient.

(c) Use of misleading trade names calculated to create the impression that a dealer is a producer or importer, selling directly to the consumer, with resultant savings.

(d) Offering of false "bargains" by pretended cutting of a fictitious "regular" price.

(e) Use of false representation that article offered has been rejected as nonstandard and is offered at an exceptionally favorable price, or that the number thereof that may be purchased is limited.

(f) Falsely representing that the goods are not being offered as sales in ordinary course, but are specially priced and offered as a part of a special advertising campaign to obtain customers or for some purpose other than the customary profit.

(g) Misrepresenting, or causing dealers to misrepresent, the interest rate or carrying charge on deferred payments.

19. Using containers ostensibly of the capacity customarily associated by the purchasing public with standard weights or quantities of the product therein contained, or using standard containers only partially filled to capacity, so as to make it appear to the purchaser that he is receiving the standard weight or quantity.

20. Misrepresenting in various ways the necessity or desirability or the advantages to the prospective customer of dealing with the seller, such as--

(a) Misrepresenting seller's alleged advantages of location or size, or the branches, domestic or foreign, or the dealer outlets he has.

(b) Making false claim of being the authorized distributor of some concern, or failing to disclose the termination of such a relationship, in soliciting customers of such concerns, or of being successor thereto or connected therewith, or of being the purchaser of competitor's business, or falsely representing that it has been discontinued, or falsely claiming the right to prospective customer's special consideration, through such false statements as that customer's president or chairman of its board, or the customer's friends, have expressed a desire for, or special interest in, consummation of seller's transaction with the customer.

(c) Alleged Government connection of a concern with, or endorsement of it or its product by, the Government or by nationally known business organizations.

(d) False claim by a dealer of being an importer, or a manufacturer, grower, or nurseryman, or of being a wholesaler, selling to the consumer at wholesale prices, or by a manufacturer of being also the manufacturer of the raw material entering into the product, or by an assembler of being a manufacturer.

(e) Falsely claiming to be a manufacturer's representative and outlet for surplus stock sold at a sacrifice.

(f) Falsely representing that the seller owns a laboratory in which product offered is analyzed and tested.

(g) Representing that ordinary private commercial seller and business is an association, or national association, or connected therewith, or sponsored thereby, or is otherwise connected with noncommercial or professional organizations or associations, or constitutes an institute, or, in effect that it is altruistic in purpose, giving work to the unemployed.

(h) Falsely claiming that business is bonded or misrepresenting its age or history, or the demand established for its products, or the selection afforded, or the quality or comparative value of its goods, or the personnel or staff or personages presently or theretofore associated with such business or the products thereof.

(I) Claiming falsely or misleadingly patent, trade-mark, or other special and exclusive rights.

21. Obtaining business through undertakings not carried out, and not intended to be carried out, and through deceptive, dishonest, and oppressive devices calculated to entrap and coerce the customer or prospective customer, such practices including--

(a) Misrepresenting that seller fills orders promptly, ships kind of merchandise described, assigns exclusive territorial rights within definite trade areas to purchasers or prospective purchasers.

(b) Obtaining orders on the basis of samples displayed for customer's selection and failing or refusing to respect such selection thereafter in filling of orders, or promising results impossible of fulfillment, or falsely making promises or holding out guarantees, or the right of return, or results, or refunds, replacements, or reimbursements, or special or additional advantages to the prospective purchaser such as extra credit, or furnishing of supplies or advisory assistance.

(c) Concealing from prospective purchaser un usual features involved in purchaser's commitment, the result of which will be to require of purchaser further expenditure in order to obtain benefit of commitment and expenditure already made, such as failure to reveal peculiar or nonstandard shape of portrait or photographic enlargement, so as to make securing of frame. therefor from sources other than seller difficult and impracticable, if not impossible.

(d) Obtaining by deceit prospective customer's signature (obtain(Tc 0 Tw ((d)) Tj 18 0 T

(f) Falsely representing earnings or profits of agents, dealers, or purchasers, Or the terms or conditions involved, such as false statement that participation by merchant in seller's sales promotion

1915-1916, 1916-1917, 1917-1918, 1918-1919, 1919-1920, 1920-1921, 1921-1922, 1922-1923, 1923-1924, 1924-1925, 1925-1926, 1926-1927, 1927-1928, 1928-1929, 1929-1930, 1930-1931, 1931-1932, 1932-1933, 1933-1934, 1934-1935, 1935-1936, 1936-1937, 1937-1938, 1938-1939, 1939-1940, 1940-1941, 1941-1942, 1942-1943, 1943-1944, 1944-1945, 1945-1946, 1946-1947, 1947-1948, 1948-1949, 1949-1950, 1950-1951, 1951-1952, 1952-1953, 1953-1954, 1954-1955, 1955-1956, 1956-1957, 1957-1958, 1958-1959, 1959-1960, 1960-1961, 1961-1962, 1962-1963, 1963-1964, 1964-1965, 1965-1966, 1966-1967, 1967-1968, 1968-1969, 1969-1970, 1970-1971, 1971-1972, 1972-1973, 1973-1974, 1974-1975, 1975-1976, 1976-1977, 1977-1978, 1978-1979, 1979-1980, 1980-1981, 1981-1982, 1982-1983, 1983-1984, 1984-1985, 1985-1986, 1986-1987, 1987-1988, 1988-1989, 1989-1990, 1990-1991, 1991-1992, 1992-1993, 1993-1994, 1994-1995, 1995-1996, 1996-1997, 1997-1998, 1998-1999, 1999-2000, 2000-2001, 2001-2002, 2002-2003, 2003-2004, 2004-2005, 2005-2006, 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2097-2098, 2098-2099, 2099-2100, 2100-2101, 2101-2102, 2102-2103, 2103-2104, 2104-2105, 2105-2106, 2106-2107, 2107-2108, 2108-2109, 2109-2110, 2110-2111, 2111-2112, 2112-2113, 2113-2114, 2114-2115, 2115-2116, 2116-2117, 2117-2118, 2118-2119, 2119-2120, 2120-2121, 2121-2122, 2122-2123, 2123-2124, 2124-2125, 2125-2126, 2126-2127, 2127-2128, 2128-2129, 2129-2130, 2130-2131, 2131-2132, 2132-2133, 2133-2134, 2134-2135, 2135-2136, 2136-2137, 2137-2138, 2138-2139, 2139-2140, 2140-2141, 2141-2142, 2142-2143, 2143-2144, 2144-2145, 2145-2146, 2146-2147, 2147-2148, 2148-2149, 2149-2150, 2150-2151, 2151-2152, 2152-2153, 2153-2154, 2154-2155, 2155-2156, 2156-2157, 2157-2158, 2158-2159, 2159-2160, 2160-2161, 2161-2162, 2162-2163, 2163-2164, 2164-2165, 2165-2166, 2166-2167, 2167-2168, 2168-2169, 2169-2170, 2170-2171, 2171-2172, 2172-2173, 2173-2174, 2174-2175, 2175-2176, 2176-2177, 2177-2178, 2178-2179, 2179-2180, 2180-2181, 2181-2182, 2182-2183, 2183-2184, 2184-2185, 2185-2186, 2186-2187, 2187-2188, 2188-2189, 2189-2190, 2190-2191, 2191-2192, 2192-2193, 2193-2194, 2194-2195, 2195-2196, 2196-2197, 2197-2198, 2198-2199, 2199-2200, 2200-2201, 2201-2202, 2202-2203, 2203-2204, 2204-2205, 2205-2206, 2206-2207, 2207-2208, 2208-2209, 2209-2210, 2210-2211, 2211-2212, 2212-2213, 2213-2214, 2214-2215, 2215-2216, 2216-2217, 2217-2218, 2218-2219, 2219-2220, 2220-2221, 2221-2222, 2222-2223, 2223-2224, 2224-2225, 2225-2226, 2226-2227, 2227-2228, 2228-2229, 2229-2230, 2230-2231, 2231-2232, 2232-2233, 2233-2234, 2234-2235, 2235-2236, 2236-2237, 2237-2238, 2238-2239, 2239-2240, 2240-2241, 2241-2242, 2242-2243, 2243-2244, 2244-2245, 2245-2246, 2246-2247, 2247-2248, 2248-2249, 2249-2250, 2250-2251, 2251-2252, 2252-2253, 2253-2254, 2254-2255, 2255-2256, 2256-2257, 2257-2258, 2258-2259, 2259-2260, 2260-2261, 2261-2262, 2262-2263, 2263-2264, 2264-2265, 2265-2266, 2266-2267, 2267-2268, 2268-2269, 2269-2270, 2270-2271, 2271-2272, 2272-2273, 2273-2274, 2274-2275, 2275-2276, 2276-2277, 2277-2278, 2278-2279, 2279-2280, 2280-2281, 2281-2282, 2282-2283, 2283-2284, 2284-2285, 2285-2286, 2286-2287, 2287-2288, 2288-2289, 2289-2290, 2290-2291, 2291-2292, 2292-2293, 2293-2294, 2294-2295, 2295-2296, 2296-2297, 2297-2298, 2298-2299, 2299-2300, 2300-2301, 2301-2302, 2302-2303, 2303-2304, 2304-2305, 2305-2306, 2306-2307, 2307-2308, 2308-2309, 2309-2310, 2310-2311, 2311-2312, 2312-2313, 2313-2314, 2314-2315, 2315-2316, 2316-2317, 2317-2318, 2318-2319, 2319-2320, 2320-2321, 2321-2322, 2322-2323, 2323-2324, 2324-2325, 2325-2326, 2326-2327, 2327-2328, 2328-2329, 2329-2330, 2330-2331, 2331-2332, 2332-2333, 2333-2334, 2334-2335, 2335-2336, 2336-2337, 2337-2338, 2338-2339, 2339-2340, 2340-2341, 2341-2342, 2342-2343, 2343-2344, 2344-2345, 2345-2346, 2346-2347, 2347-2348, 2348-2349, 2349-2350, 2350-2351, 2351-2352, 2352-2353, 2353-2354, 2354-2355, 2355-2356, 2356-2357, 2357-2358, 2358-2359, 2359-2360, 2360-2361, 2361-2362, 2362-2363, 2363-2364, 2364-2365, 2365-2366, 2366-2367, 2367-2368, 2368-2369, 2369-2370, 2370-2371, 2371-2372, 2372-2373, 2373-2374, 2374-2375, 2375-2376, 2376-2377, 2377-2378, 2378-2379, 2379-2380, 2380-2381, 2381-2382, 2382-2383, 2383-2384, 2384-2385, 2385-2386, 2386-2387, 2387-2388, 2388-2389, 2389-2390, 2390-2391, 2391-2392, 2392-2393, 2393-2394, 2394-2395, 2395-2396, 2396-2397, 2397-2398, 2398-2399, 2399-2400, 2400-2401, 2401-2402, 2402-2403, 2403-2404, 2404-2405, 2405-2406, 2406-2407, 2407-2408, 2408-2409, 2409-2410, 2410-2411, 2411-2412, 2412-2413, 2413-2414, 2414-2415, 2415-2416, 2416-2417, 2417-2418, 2418-2419, 2419-2420, 2420-2421, 2421-2422, 2422-2423, 2423-2424, 2424-2425, 2425-2426, 2426-2427, 2427-2428, 2428-2429, 2429-2430, 2430-2431, 2431-2432, 2432-2433, 2433-2434, 2434-2435, 2435-2436, 2436-2437, 2437-2438, 2438-2439, 2439-2440, 2440-2441, 2441-2442, 2442-2443, 2443-2444, 2444-2445, 2445-2446, 2446-2447, 2447-2448, 2448-2449, 2449-2450, 2450-2451, 2451-2452, 2452-2453, 2453-2454, 2454-2455, 2455-2456, 2456-2457, 2457-2458, 2458-2459, 2459-2460, 2460-2461, 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2643-2644, 2644-2645, 2645-2646, 2646-2647, 2647-2648, 2648-2649, 2649-2650, 2650-2651, 2651-2652, 2652-2653, 2653-2654, 2654-2655, 2655-2656, 2656-2657, 2657-2658, 2658-2659, 2659-2660, 2660-2661, 2661-2662, 2662-2663, 2663-2664, 2664-2665, 2665-2666, 2666-2667, 2667-2668, 2668-2669, 2669-2670, 2670-2671, 2671-2672, 2672-2673, 2673-2674, 2674-2675, 2675-2676, 2676-2677, 2677-2678, 2678-2679, 2679-2680, 2680-2681, 2681-2682, 2682-2683, 2683-2684, 2684-2685, 2685-2686, 2686-2687, 2687-2688, 2688-2689, 2689-2690, 2690-2691, 2691-2692, 2692-2693, 2693-2694, 2694-2695, 2695-2696, 2696-2697, 2697-2698, 2698-2699, 2699-2700, 2700-2701, 2701-2702, 2702-2703, 2703-2704, 2704-2705, 2705-2706, 2706-2707, 2707-2708, 2708-2709, 2709-2710, 2710-2711, 2711-2712, 2712-2713, 2713-2714, 2714-2715, 2715-2716, 2716-2717, 2717-2718, 2718-2719, 2719-2720, 2720-2721, 2721-2722, 2722-2723, 2723-2724, 2724-2725, 2725-2726, 2726-2727, 2727-2728, 2728-2729, 2729-2730, 2730-2731, 2731-2732, 2732-2733, 2733-2734, 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3007-3008, 3008-3009, 3009-3010, 3010-3011, 3011-3012, 3012-3013, 3013-3014, 3014-3015, 3015-3016, 3016-3017, 3017-3018, 3018-3019, 3019-3020, 3020-3021, 3021-3022, 3022-3023, 3023-3024, 3024-302

23. Selling below cost or giving product without charge, with intent and effect of hindering or suppressing competition.

24. Dealing unfairly and dishonestly with foreign purchasers and thereby discrediting American exporters generally.

25. Coercing and forcing uneconomic and monopolistic reciprocal dealing.

26. Entering into contracts in restraint of trade whereby foreign corporations agree not to export certain products into the United States in consideration of a domestic company's agreement not to export the same.

agents' alterations, printed terms of purchase contracts, and exacting payments in excess of customers' commitments.

29. Shipping products at market prices to customers or prospective customers or to the customers or prospective customers of competitors without an order and then inducing or attempting by various means to induce the consignees to accept and purchase such consignments.

CASES IN THE FEDERAL COURTS

COMMISSION ACTIONS IN THE UNITED STATES SUPREME, CIRCUIT, AND DISTRICT COURTS

Federal Trade Commission cases pending in the United States courts for final determination during or at the close of the fiscal year ended June 30, 1940, are reviewed in the pages immediately following.

During the year, results favorable to the Commission were obtained in 42 cases, of which 25 were before the United States circuit courts of appeals and 17 before United States district courts. The Commission's orders were set aside in two cases in the circuit courts of appeals (one of which, involving Bunte Brothers, Inc., Chicago candy manufacturer, at the close of the year, was pending before the Supreme Court of the United States on petition for certiorari), and there was one adverse decision in a district court on a Commission petition for temporary injunction under section 13 (a) of the Federal Trade Commission Act.

The Supreme Court denied petitions for writs of certiorari filed by respondents in 10 cases in efforts to reverse prior decisions by the Commission. Some of these cases are listed in the following table:

B-24015204, S-34129236, D-15, T-01, TFD

Co. and others, Athens, Ga.; El Moro Cigar Co., Greensboro, N. C.; H. N. Heusner & Son, Hanover, Pa., and the Avery Salt Co., Scranton, Pa.

Petitions for review of the Commission's orders involving Alle-Rhume Remedy Co., Jersey City, N. J.; American College and others, Morton Salt Co., and American Field Seed Co., all of Chicago; Sweet Candy Co., Salt Lake City; the National Silver

desist from certain false and misleading representations concerning the therapeutic value of baby foods and health preparations sold in interstate commerce. As of June 30, 1940, the case awaited printing of the transcript.

Alle-Rhume Remedy Co., Jersey City, N. J.--This company filed a petition in the Third Circuit (Philadelphia) to set aside the Commission's order, which directed it to cease and desist from representing that "Allenru," or any similar preparation, will rid joints or muscles of all uric acid deposits, is compounded from a safe or scientific formula, is free from harmful drugs, or is a remedy or cure for, or has any substantial therapeutic value in the treatment of rheumatism, sciatica, neuritis, lumbago, or neuralgia, or other ailments. On stipulation of counsel, the appeal was dismissed.

Allen B. Wisley Co. and others, Chicago.--These respondents filed a petition in the Seventh Circuit (Chicago) to review and set aside the Commission's order against the misrepresentation 1 and

to review and set aside the Commission's order prohibiting the use of the words "College" and "University" in their corporate names. The Commission found that neither institution was a college or university within the popular general conception of the words. The court, on motion of the Commission, dismissed the petition for review, for want of prosecution. Subsequently the petitioners filed with the Commission a report showing compliance with its order.

Automobile financing: Ford Motor Co., Dearborn, Mich.; General Motors Corporation, General Motors Sales Corporation, Detroit, and General Motors Acceptance Corporation, New York.--As a result of Commission cease and desist orders proscribing the user of the words "six per cent" or the symbol "6%" in connection with the installment payment plan of purchasing automobiles, petitions for review were filed by the Ford Motor Co. in the Sixth Circuit (Cincinnati) and by the General Motors Corporation and associated corporations with the Second Circuit (New York)

The Commission's findings were that the term "6%," when used in connection with monthly payments, was understood by the public to mean 6 percent simple interest per annum computed on the declining balance as reduced by the monthly payments; but that, as actually carried out, the purchaser paid 6 percent, 9 percent, or 12 percent, as the case might be, on the total amount originally owed, until the final payment was made, resulting in a charge of approximately 11 ½ percent simple interest per annum on an original balance as reduced by monthly payments.

The General Motors case awaited decision and the Ford case printing of the transcript, at the close of the fiscal year.¹

California Lumbermen's Council and others, Fresno, Calif., including affiliated California lumber retailers' associations, having filed petition in the Ninth Circuit (San Francisco) to review the Commission's order against them prohibiting a combination to fix prices and restrain trade, the case, as of June 30, 1940, awaited decision of the Court on the merits.² (See Annual Report of the Commission, 1939, pp. ~~Can 1284.11~~ (of) y8cr90.00)

In another case involving Bunte Brothers, Inc., Chicago, a decision adverse to the Commission was handed down by the Seventh Circuit (Chicago) (110 F. (2d) 412). The Commission order had prohibited the use of lottery methods in intrastate commerce which injuriously affect interstate commerce. In the course of its opinion, the court, after condemning the practice on moral grounds, said:

Our conclusion (which is not free from doubt) is that the phase of petitioner's business wherein its practices are unfair is wholly intrastate. It is the phase of the petitioner's business which is conducted wholly in Illinois, by an Illinois corporation, which makes and sells its product in Illinois. It is not within the purview of section 5 of the Federal Trade Commission Act. If an extension of the Federal Trade Commission's jurisdiction be advisable so as to include practices affecting interstate commerce, it is for Congress, not the court to make the change.

A petition for writ of certiorari, on behalf of the Commission, was filed in the Supreme Court of the United States.³ Three grounds for issuance of the writ were advanced : (1) The public importance of the question involved; (2) the conflict between the decision of the Seventh Circuit and decisions of other circuits which have construed the Federal Trade Commission Act as applying to intrastate transactions which affect interstate commerce or which occur in the current of interstate commerce, and (3) the inconsistency of the decision with decisions construing other statutory provisions designed to protect interstate commerce from unfair and discriminatory practices.

Petitions for rehearing filed by the National Candy Co., St. Louis, and the March of Time Candies, Inc. and the Dietz Gum Co., both of Chicago, were denied by the Seventh Circuit (Chicago). (For prior decision unanimously affirming the Commission's orders in these cases, see Annual Report of the Commission, 1939, pp. 97-98; reported in 104 F. (2d) 999.) Petitions for writs of certiorari, on behalf of these companies, were filed with the Supreme Court and were denied (308 U.S. 610).

The cases involving the Ostler Candy Co. and Glade Candy Co., both of Salt Lake City, and the Shupe-Williams Candy Co. of Ogden, Utah, were decided unanimously in favor of the Commission (106 F. (2d) 962). Commenting upon the challenge to the constitutionality of section 5 of the Federal Trade Commission Act, as amended by the Wheeler-Lea Act, the Court said :

The change relates solely to the remedy of the Government for its enforcement; it does not transform the order into the equivalent of a legislative act or a judgment or decree of a court; and the provision for judicial review meets the requirements of due process.

³ Petition granted.

Petitions for rehearing were denied. Petitions for writs of certiorari were filed in the Supreme Court and denied (309 U.S. 675).

The case involving the Sweet Candy Co., Salt Lake City, was dismissed on motion of the petitioner by the Tenth Circuit (Denver) (112 F. (2d) 168). The proceeding had been held in abeyance pending final adjudication of the Ostler Candy Co., Glade Candy Co., and Shupe-Williams Candy Co. cases.

The Second Circuit (New York), (109 F. (2d) 296), modified, and affirmed as modified, the Commission's order directed against the Sweets Company of America, Inc., New York. The Court, preferring the decisions of the First and Ninth Circuits in *F. T. C. V. Miller Co.* (97 F. (2d) 563), and *Helen Ardelle, Inc., et al. V. F. T. C.* (101 F. (2d) 718), respectively, to those of the Seventh Circuit, Glade

3 of the Clayton Act, but also of section 5 of the Federal Trade Commission Act. In decreeing enforcement, the court said :

Here the public has an interest in the continued independence of the service stations and in fair competition in the carburetor industry, and it is the duty of the Court to protect such interest by enforcing the lawful order of the Commission.

Century Metalcraft Corporation, Chicago, filed a petition in the Seventh Circuit (Chicago) to review and set aside the Commission's order prohibiting certain misrepresentations concerning kitchen utensils distributed by it. (See Annual Report of the Commission, 1939, p.100.) The court, in a unanimous opinion, slightly modified two of the seven paragraphs of the Commission's order, and affirmed it as so modified (112 F. (2d) 443).

Dr. W. B. Caldwell, Inc., Monticello, Ill., manufacturer and distributor of "Dr. Caldwell's Syrup Pepsin," "Syrup Pepsin," and "Syrup of Pepsin," filed a petition in the Seventh Circuit (Chicago), to set aside the Commission's order prohibiting misleading representations concerning the therapeutic effect of "Syrup Pepsin" and use of the word "pepsin" to designate or refer to a preparation which did not contain sufficient quantity of pepsin as an active ingredient to possess substantial therapeutic value. As to the products' principal ingredients, senna and cascara sagrada, the respondent was ordered to cease using

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misleading representations concerning the therapeutic effect of "Syrup Pepsin" and use of the word "pepsin" to designate or refer to a preparation which did not contain sufficient quantity of pepsin as an active ingredient to possess substantial therapeutic value. As to the products' principal ingredients, senna and cascara sagrada, the respondent was ordered to cease using

or other words or picturizations indicative of Cuban origin to designate cigars not made from tobacco grown in Cuba. It was found that the company's "Havana Counts" cigars were made entirely of domestic tobacco.

The Court unanimously affirmed the Commission's order and directed its enforcement, saying (107 F. (2d) 429):

A study of the voluminous testimony taken shows conclusively that the word "Havana" has acquired a special meaning or significance in the cigar trade when applied to a cigar. It has come to mean that a cigar labeled with a phrase in which the word is used, is made, at least in part, from tobacco grown in Cuba. This being true, it necessarily follows that the word cannot properly be used in describing a cigar made entirely of domestic tobacco.

(See H. N. Heusner & Son, page 87, for similar case.)

Fashion Originators Guild of America, Inc., and others, New York; filed petitions

(109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000)

discrimination paragraph of the act, and that the provisions of the latter could not be read into the former; and that paragraph (c), as construed and applied by the Commission, was not violative of the Constitution.

During the course of its opinion, the Court said :

The question presented for our consideration is simply whether or not the vendee may be compensated for services rendered by the vendee's agent acting as agent for the vendors. It is obvious that dual representation by agents opens a wide field for fraud and oppression. Conflicting interests are always engaged when an attempt is made by buyers and sellers to arrive at a market price for commodities. We entertain no doubt that it was the intention of Congress to prevent dual representation by agents purporting to deal on behalf of both buyer and seller.

* * * * *

The practice of paying brokerage, or sums in lieu of brokerage to buyers or their agents by sellers was found by Congress to be an unfair trade practice resulting in damage to commerce. Paragraph (c) prohibits such practice. We conclude that Congress has properly exercised its power to the end that the named abuse may be done away with.

The company filed a petition in the Supreme Court for writ of certiorari, which was denied (308 U. S. 625), as was a petition for rehearing (309 U. S. 694). (Other brokerage cases are *Quality Bakers of America*, p. 90, and the *Webb-Crawford Co.*, p. 94.)

Hershey Chocolate Corporation, Hershey, Pa.; Peter Cailler Kohler Swiss Chocolate Co., Inc., Fulton, N. Y.; Larneont, Corliss & Co., New York; Sanitary Automatic Candy Corporation, New York; Berlo Vending Co., Philadelphia; and Confection Cabinet Co., Newark, N. J.--These companies, which include two of the largest chocolate candy-bar manufacturers, a sales corporation, and the three largest vending-machine operators, filed petition in the Third Circuit (Philadelphia) to review and set aside the Commission's order directed against restraint of trade agreements in the sale of candy bars to the vending-machine trade. At the end of the year the case awaited briefing and argument. (For further details see Annual Report of the Commission, 1939, p.104.)

H. N. Heusner & Son, Hanover, Pa.--The Third Circuit (Philadelphia) unanimously affirmed the Commission's order in this case and directed its enforcement (106 F. (2d) 596).

The order required the company to cease and desist from "representing, through the use of the words 'Havana' or 'Habana,' that cigars not manufactured entirely from tobacco grown on the island of Cuba are Havana cigars." The Commission found that the petitioner's "Heusner's Havana Smokers" and "Martinez Havana Smokers" have not at any time contained Havana tobacco, but have been manufactured entirely from domestic tobacco grown in the United States. Commenting on a "Notice" appearing on the box in which

ment; that it lacked all requirements with respect to equipment and educational facilities which would enable it to be classified as a college or university; and that it advertised courses leading to degrees in arts, sciences, philosophy, education, and a large number of other branches of learning. At the year's close the case awaited certification.

Mentho-Mulsion, Inc., and others, Atlanta--These respondents filed petition in the Fifth Circuit (New Orleans) to review and set aside the Commission's order directed against misrepresentations concerning the efficacy of cough and cold medicines sold by them. As of June 30, 1940, the case awaited printing of the transcript.

Millinery Creators' Guild, Inc., and others, New York--Unanimous decision for the Commission in this case was handed down by the Second Circuit (New York) (109 F. (2d) 175). The object of the petition for review had been to obtain a reversal of the Commission's cease and desist order directed against petitioners' plan to prevent so-called "style piracy" of designs in women's hats.

The Court, in affirming the order, made the following comment, among others:

We believe, therefore, that concerted action to eliminate style piracy extends beyond the permissible area of industrial self-regulation. The purpose of the milliners, and the necessary effect of their combination, is to maintain their price structure, and to eliminate a distasteful "evil" which the law nevertheless recognizes to be a socially desirable form of competition.

A petition for rehearing was denied.¹ (See Fashion Originators Guild of America, Inc., and others, p.85, for similar case.)

Monica M. Rock, Milwaukee--Petition to review the Commission's cease and desist; order was docketed in the Seventh Circuit (Chicago) Under the order, the petitioner, individually and as executrix of the estate of Dr. Arthur A. Rock, was directed to discontinue representations that her method was a scientific, efficacious, safe, and proper treatment for goiter, regardless of the variety, form, or stage of progression. At the end of the year the case awaited briefing and argument.

Moretrench Corporation, Rockaway, N. J.--This corporation, a manufacturer of well points, pumps, and equipment used in drawing water from wet soil during excavation work, petitioned the Second Circuit (New York) to set aside the Commission's order prohibiting the disparagement of competitive products through various means. At the year's close the case awaited briefing and argument.

National Silver Co., New York, filed a petition in the Second Circuit (New York) to set aside the Commission's order directing it to cease and desist from making misleading representations as to special

¹ Pending in U. S. Supreme court on certiorari.

or reduced prices or quality of its silver-plated ware, or from aiding, abetting, or assisting retailers in making such representations, and from representing itself as a manufacturer when such was not the case. Thereafter the petition for review was withdrawn and the proceeding dismissed.

Perfume Cases--New York, Wilmington, Del., and Union City, N. J.--Five cases involving false and misleading advertising in the sale of perfumes and kindred products reached the Federal courts during the fiscal year.

Four petitions to review and set aside the Commission's orders were filed in the Second Circuit (New York) by Establishments Rigaud, Inc., and E. Fougera & Co., New York; Chanel, Inc., New York; Parfums Corday, New York, and Yardley of London, Inc., Union City, N. J. A joint petition by Coty, Inc., Wilmington, Del., and the Coty Sales Corporation, New York, was filed in the Third Circuit (Philadelphia).

The Commission orders had directed the several petitioners to cease and desist from representing, through the use of any terms, symbols, or picturizations indicative of French or other foreign origin, or in any other manner, that their products, which are compounded in the United States, are made in France or any other foreign country. The orders included provisos that the countries of origin may be stated when immediately accompanied by explanations that the products in question are made or compounded in the United States; they also permitted the use of foreign terms if accompanied by equally conspicuous English translations in immediate conjunction therewith.

At the year's close these cases awaited printing of the record.¹

Perma-Maid Co., Cincinnati, filed a petition in the Sixth Circuit (Cincinnati) for review of the Commission's order directing that company, a manufacturer of steel cooking utensils, to cease and desist from making representations, through advertising matter and sales agents, calculated to lead customers to believe that the consumption of food prepared or kept in aluminum utensils would cause ulcers, cancerous growth, and various other ailments and diseases. At the year's close the case awaited argument.

Quality Bakers of America, and others, New York.--This trade association, composed of approximately 70 member wholesale baking concerns located in various sections of the United States, filed petition in the First Circuit (Boston) to review and set aside the Commission's order directed against a violation of the brokerage provision of section 2 of the Clayton Act.

The respondents, including Quality Bakers of America, Inc., a purchasing agent for the associated baking companies, were ordered to

¹ Yardley of London, Inc., appeal dismissed.

court set aside the Commission's order solely for the reason that at the time the order issued the petitioner had acquired the necessary interest in a packing business to make it a packer within the meaning of the Packers and Stockyards Act, and therefore not subject to the jurisdiction of the Commission. The court said that since the power of the Federal Trade Commission is purely regulatory and not punitive, it is clear that jurisdiction must exist at the time of the entry of its order (110 F. (2d) 473).

United States Steel Corporation, American Bridge Co., Carnegie Illinois Steel Corporation, the American Steel & Wire Co. of New Jersey, and Tennessee Coal, Iron & Railroad Co.--These corporations filed petition in the Third Circuit (Philadelphia) to review and set aside the Commission's cease and desist order which had been directed against so-called "Pittsburgh plus" prices for rolled-steel products, in violation of section 2, the price-discrimination section of the Clayton Act (before its amendment by the Robinson-Patman Act), and of section 5 of the Federal Trade Commission Act. A separate petition was filed simultaneously with the Fifth Circuit (New Orleans) by the Tennessee Coal, Iron & Railroad Co. By stipulation of the parties, it was provided that the judgment and decree of the Fifth Circuit may be made in conformity with such decision as may be rendered in the Third Circuit or in the

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The court affirmed without dissent the Commission's order (109 F. (2d) 268) and granted its crosspetition for enforcement. The court concluded its opinion with the following observation:

The statute is not unconstitutional as depriving these stockholders, without due process, of their right to engage in business activities merely because they are

2 Petition dismissed.

By invoking the injunctive procedure, the Commission is effectively attacking a serious menace to public health. The result has been to cause the advertisers to discontinue not only the dissemination of the offensive advertisements but, in many instances, also the sale of the injurious products.

Actions brought by the Commission in the United States district courts under section 13 of the Federal Trade Commission Act for injunctive relief in certain cases involving alleged false advertisement, and coincided during the fiscal year ended June 30, 1940, are listed below.

The decree issued in each case enjoined the defendants from the further dissemination of the advertisements to which objection was made, pending issuance and final disposition of the Commission's complaint. In the cases of certain medicinal preparations or devices the decrees prohibited the dissemination of advertisements representing the products as safe and competent treatments for the ailments specified or which failed to reveal that such preparations, if used under the conditions prescribed in the advertisements or under customary or usual conditions, might result in serious or irreparable injury to the health of users.

Nine of the eighteen injunction suits concluded during the year had to do with the advertisement of drugs represented as being safe, scientific, and competent treatments for the relief of delayed menstruation. These cases were:

(All cases listed in this section were filed in United states district courts)

Leland F. Benham, trading as The Zelle Co., Chicago.--The preparations advertised were known as "Zellets No.1" and "Zellets No.2." Upon application of the Commission the Northern District Court of Illinois granted a temporary restraining order and rule to show cause. Thereafter it issued a temporary injunction, which was followed by the Commission's complaint and cease and desist order.

Earl Aronberg, trading as Positive Products Co., and as Rex Products Co., Chicago.--The preparations advertised were known as "Triple-X Compound," "Reliable Perio Compound," and also as "Perio Pills" and "Perio Relief Compound." Upon application of the Commission the Northern District Court of Illinois granted a temporary restraining order and rule to show cause. Thereafter it issued a temporary injunction, which was followed by the Commission's complaint, pending at the close of the year.

Harry S. Benham, trading as America's Medicine, and as Nu-Mode Co., Chicago.--The preparations advertised were known as "America's Medicine XX Compound," "Nu-Mode XX Compound," and "Kotess Periodic Relief Compound," and as "America's Medicine XXX Compound," "Nu-Mode XXX Compound," and "Kotess Periodic Relief

May's Cut Rate

CASES IN THE FEDERAL COURTS

plaint was issued naming each of these defendants and 44 other corporations or individuals as respondents, which complaint was pending at the year's close.

Winship Corporation, and F. W. Fitch Co., and Don W. Parmelee, Des Moines, Iowa.--The preparations advertised were known as "Eve Martin" cosmetics. Upon application of the Commission the Southern District Court of Iowa granted a temporary restraining order and rule to show cause. Thereafter it issued a temporary injunction against Winship Corporation and Don W. Parmelee and denied it as to F. W. Fitch Co. without prejudice to the Commission to file a new petition for injunction and complaint at any time it had reason to believe that the circumstances warranted restraining the F. W. Fitch Co. All of the defendants named in this injunction were included in the complaint issued by the Commission in the Thomsen-King case.

CIVIL AND CRIMINAL PENALTIES UNDER THE FEDERAL TRADE COMMISSION

ACT

Acting under the authority of section 16 of the Federal Trade Commission Act, the Commission, during the current fiscal year, certified the facts concerning 15 alleged violations of its cease and desist orders and 1 case for criminal prosecution to the Attorney General, an increase of 3 such certifications over those certified during the preceding fiscal year. Trial of most of these cases was pending at the close of the year. However, 6 cases were disposed of and civil penalties in the sum of \$12,000 were collected or in process of collection at the end of the year. The cases so disposed of were:

United States v. Kumate-Pruf Manufacturing Co., New York; United States District Court for the Middle District of North Carolina; agreed judgment of \$1,000 entered.

United States v. Deran Confectionery Co., Cambridge, Mass.; United States District Court for the District of Massachusetts; agreed judgment of \$1,000 entered.

United States v. Elmer Candy Co., New Orleans; United States District Court, Eastern District of Louisiana; judgment of \$1,000 entered.

United States v. Holst Publishing Co., and others, Boone, Iowa; United States District Court for the Southern District of Iowa, Central Division; judgment of \$2,000 entered.

United States v. John Petrie, trading as B-X Laboratories, and Purity Products Co., Chicago; United States District Court for the Northern District of Illinois; judgment of \$1,000 entered.

A criminal prosecution under the provisions of section 14 of the Federal Trade Commission Act was instituted in the case of *United States v. John Petrie*, in the United States District Court for the Northern District of Illinois. The prosecution was brought because of the defendant's false advertisements of a dangerous drug and resulted in a plea of guilty and a fine of \$1,000.

TABLES SUMMARIZING WORK OF THE LEGAL DIVISIONS AND COURT PROCEEDINGS, 1915-1940

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	205	402	611	843	1,107	1,070	1,223	
Total for disposition	119	266	474	643	862	1,130	1,131	1,291	
Consolidated with other proceedings	0	0	0	0	0	0	0	0	
Closed after investigation	3	123	289	292	298	351	500	731	
Docketed as applications for complaints	112	134	153	332	535	724	503	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	1931
Pending beginning of year	147	102	191	176	298	328	224	260	409
Instituted during year	1,234	1,568	1,612	1,483	1,265	1,331	1,469	1,505	1,380
Total for disposition	1,381	1,670	1,803	1,659	1,563	1,659	1,093	1,735	1,789
Consolidated with other proceedings	0	0	0	0	0	0	0	0	0
Closed after investigation	897	1,157	1,270	1,075	942	1,153	1,049	1,060	1,150
Docketed as applications for complaints	382	322	357	286	293	282	384	296	332
Total disposition during year	1,279	1,479	627	1,301	1,235	1,435	1,433	1,356	1,482
Pending end of year	102	191	176	298	328	224	260	409	307
	1932	1933	1934	1935	1936	1937	1938	1939	1940
Pending beginning of year	307	423	478	760	185	111	152	116	130
Instituted during year	1,059	1,593	2,151	847	837	899	527	433	648
Total for disposition	1,966	2,016	2,629	1,607	1,022	1,010	679	549	778
Consolidated with other proceedings	0	0	0	0	0	0	0	4	15
Closed after investigation	1,319	1,274	1,597	935	624	583	453	379	519
Docketed as applications for complaints	224	264	272	487	287	275	110	36	49
Total disposition during year	1,543	1,511	869	1,422	911	858	563	419	583
Pending end of year	423	478	760	185	111	152	110	130	195

CUMULATIVE SUMMARY-TO JUNE 30,1940

Inquiries instituted	28,141
Consolidated with other proceedings	19
Closed after investigation	20,023
Docketed as applications for complaints	7,904
Total disposition	27,916

Pending June 30, 1910

195

TABLE 2.--Applications for complaints

	1915	1916	1917	1918	1919	1920	1921	1922	
Pending beginning of year	0	104	130	188	280	389	554	467	
Applications docketed	112	134	153	332	535	724	426	382	
Rescissions:									
To complaints	0	0	0	0	0	0	0	0	0
Settled by stipulation to cease and desist	0	0	0	0	0	0	0	0	0
Settled by acceptance of T. P. C. rules	0	0	0	0	0	0	0	0	0
Consolidated with other proceedings	0	0	0	0	0	0	0	0	0
Dismissed for lack of merit	0	0	0	0	0	0	0	0	5
Closed for other reasons 1	0	0	0	0	0	0	0	0	0
Total for disposition	112	238	283	520	815	1,113	980	854	
To complaints	0	3	16	80	125	220	150	104	
Settled by stipulation to cease and desist	0	0	0	0	0	0	0	0	0
Settled by acceptance of T. P. C. rules	0	0	0	0	0	0	0	0	0
Consolidated with other proceedings	0	0	0	0	0	0	0	0	0
Dismissed for lack of merit	8	105	79	160	301	339	357	292	
Closed for other reasons 1	0	0	0	0	0	0	0	0	0
Total disposition during year	8	108	95	240	426	559	513	396	
Pending end of year	104	130	188	280	389	554	467	458	
	1923	1924	1925	1926	1927	1928	1929	1930	1931
Pending beginning of year	458	572	565	488	420	457	530	843	753
Applications docketed	416	377	340	273	292	334	679	535	511
Rescissions:									
To complaints	0	0	0	0	0	0	0	0	2
Settled by stipulation to cease and desist	0	1	1	1	0	2	2	3	5
Settled by acceptance of T. P. C. rules	0	0	0	0	0	1	3	2	
Consolidated with other proceedings	0	0	0	0	0	0	0	0	0
Dismissed for lack of merit	6	4	3	4	0	0	0	3	4
Closed for other reasons 1	0	0	0	0	0	0	0	0	0
Total for disposition	880	954	909	766	712	793	1,212	1,389	1,277
To complaints	121	143	118	57	45	58	100	171	110
Settled by stipulation to cease and desist	0	3	5	102	80	68	118	275	203
Settled by acceptance of T. P. C. rules	0	0	0	2	3	19	17	32	5
Consolidated with other proceedings	0	0	0	0	0	0	0	0	0
Dismissed for lack of merit	187	243	298	185	127	118	134	158	205
Closed for other reasons 1	0	0	0	0	0	0	0	0	0
Total disposition during year	308	389	421	346	255	263	369	636	523
Pending end of year	572	565	488	420	457	530	843	753	754
	1932	1933	1934	1935	1936	1937	1938	1939	1940
Pending beginning of year	754	440	476	469	634	685	964	1,190	1,269
Applications docketed	378	404	376	913	1,221	1,477	1,402	1,257	1,390
Rescissions:									
To complaints	0	3	0	0	0	0	3	0	0
Settled by stipulation to cease and desist	3	3	4	10	18	27	35	44	45
Settled by acceptance of T. P. C. rules	0	0	0	0	0	0	0	0	0
Consolidated with other proceedings	0	0	0	0	0	0	0	0	0
Dismissed for lack of merit	1	0	3	1	12	12	14	5	1
Closed for other reasons 1	0	0	0	1	3	1	9	5	10
Total for disposition	1,136	850	859	1,394	1,888	2,205	2,424	2,501	2,721
To complaints	90	52	98	259	382	290	310	371	329
Settled by stipulation to cease and desist	332	181	201	357	544	614	564	466	563
Settled by acceptance of T. P. C. rules	6	3	0	1	0	0	4	0	5
Consolidated with other proceedings	0	0	0	0	0	0	0	26	37
Dismissed for lack of merit	268	138	91	66	4	0	0	0	0
Closed for other reasons 1	0	0	0	77	273	337	356	369	366
Total disposition during year	690	374	390	760	1,203	1,241	1,234	1,232	1,300
Pending end of year	440	476	469	634	685	964	1,190	1,269	1,421

1 This classification includes such reasons as death, business or practices discontinued, private controversy, controlling court decisions, etc.

CUMULATIVE SUMMARY-TO JUNE 30, 1910

Applications docketed		15,379
Rescissions:		
To Complaints	10	
Settled by stipulations to cease and desist	204	
Settled by acceptance of T. P. C. rules	6	
Consolidated with other proceedings	0	
Dismissed for lack of merit	78	
Closed for other reasons	29	
Total for disposition		15,706
To complaints	3,808	
Settled by stipulations to cease and desist	4,676	
Settled by acceptance of T. P. C. rules	97	
Consolidated with other proceedings	63	
Dismissed for lack of merit	3,863	
Closed for other reasons 1	1,778	
Total disposition		14,285
Pending June 30, 1910		1,421

1 This classification includes such reasons as death, business or practices discontinued, private controversy, controlling court decisions, etc.

TABLE 3.--Complaints

	1915	1918	1917	1918	1919	1920	1921	1922		
Pending beginning of year	0	0	5	10	86	133	280	312		
Complaints docketed.	0	5	9	154	135	308	177	111		
Orders to cease and desist	0	0	0	0	0	0	0	1	0	0
Settled by stipulations to cease and desist	0	0	0	0	0	0	0	0	0	0
Settled by acceptance of T. P. C. rules	0	0	0	0	0	0	0	0	0	0
Dismissed for lack of merit	0	0	0	0	0	0	0	1	0	0
Closed for other reasons 1	0	0	0	0	0	0	0	0	0	0
Total for disposition	0	5	14	164	221	441	465	423		
Complaints rescinded	0	0	0	0	0	0	0	0	0	0
Orders to cease and desist	0	0	3	71	75	111	116	91		
Settled by stipulations to cease and desist	0	0	0	0	0	0	0	0	0	0
Settled by acceptance of T. P. C. rules	0	0	0	0	0	0	0	0	0	0
Dismissed for lack of merit	0	0	1	7	13	44	37	75		
Closed for other reasons 1	0	0	0	0	0	0	0	0	0	0
Total disposition during year	0	0	4	78	88	155	153	166		
Pending end of year	0	5	10	86	133	286	312	257		

	1923	1924	1925	1926	1927	1928	1929	1930	1931		
Pending beginning of year	257	232	264	220	152	147	136	198	275		
Complaints docketed	144	154	132	62	76	64	149	172	110		
Rescissions:											
Orders to cease and desist	0	5	0	0	1	1	0	0	0		
Settled by stipulations to cease and desist	0	0	0	0	0	0	0	0	0	0	0
Settled by acceptance on F.T.C. rules	0	0	0	0	0	0	0	0	0	0	0
Dismissed for lack of merit	1	1	0	0	1	0	0	0	0	0	0
Closed for other reasons 1	0	0	0	0	0	0	0	0	0	0	0
Total for disposition	402	392	396	282	230	212	285	370	885		
Complaints rescinded	0	0	0	0	0	0	0	0	3	2	
Orders to cease and desist	82	92	73	44	52	48	67	48	108		
Settled by stipulations to cease and desist	0	0	6	3	1	3	3	3	3	0	
Settled by acceptance of T. P.C. rules	0	0	0	5	5	1	0	1	1		
Dismissed for lack of merit	88	36	97	83	25	20	18	41	49		
Closed for other reasons 1	0	0	0	0	0	0	0	0	0	0	
Total disposition during year	170	128	176	130	83	76	87	95	160		
Pending end of year	232	264	220	152	147	136	198	275	225		

1 This classification includes such reasons as death, business or practices discontinued, private controversy, controlling court decisions, etc.

TABLE 3.--*Complaints--Continued*

	1932	1933	1934	1935	1930	1937	1938	1939	1940
Pending beginning of year	225	208	144	115	218	419	358	392	442
Complaints docketed.	92	53	97	280	386	290	305	370	331
Rescissions:									
Orders to cease and desist	1	0	0	1	12	10	8	3	7
Settled by stipulations to cease and desist	0	0	0	0	0	0	0	0	0
Settled by acceptance of T. P. C. rules	0	0	0	0	0	0	0	0	0
Dismissed for lack of merit	0	0	0	0	0	0	0	0	6
Closed for other reasons ¹	0	0	0	0	0	0	0	1	0
Total for disposition	318	261	241	390	616	725	671	766	786
Complaints rescinded	1	3	0	0	0	3	0	0	0
Orders to cease and desist	63	66	111	126	161	296	245	288	282
Settled by stipulations to cease and desist	1	1	2	1	1	17	5	4	1
Settled by acceptance of T. F. C. rules	0	6	0	0	0	0	0	0	4
Dismissed for lack of merit	45	41	12	38	19	13	13	12	20
Closed for other reasons ¹	0	0	1	13	10	38	16	20	21
Total disposition during year	110	117	126	178	197	307	279	324	328
Pending end of year	208	144	115	218	419	358	392	442	458

CUMULATIVE SUMMARY--TO JUNE 30, 1940

Complaints	4,172
Rescissions:	
Orders to cease and desist	50
Settled by stipulations to cease and desist	0
Settled by acceptance of T. F. C. rules	0
Dismissed for lack of merit	10
Closed for other reasons ¹	1
Total for disposition	4,233
Complaints rescinded	12
Orders to cease and desist	2,719
Settled by stipulations to cease and desist	52
Settled by acceptance of T. F. C. rules	22
Dismissed for lack of merit	845
Closed for other reasons ¹	125
Total disposition	3,775
Pending June 30, 1940	458

¹ This classification includes such reasons as death, business or practices discontinued, private controversy, controlling court decisions, etc.

TABLE 4.--*Court proceedings--Orders to cease and desist--petitions for review--lower courts*

	1919	1920	1921	1922	1923	1924	1925	1926
Pending beginning of year	0	2	8	13	9	4	14	9
Appealed	4	9	18	5	5	15	6	5
Total for disposition	4	11	26	18	14	19	20	14
Decisions for Commission	1	0	1	4	5	1	6	5
Decisions for others	1	3	11	5	4	4	3	1
Petitions withdrawn	0	0	1	0	1	0	2	0
Total disposition during year	2	3	13	9	10	5	11	6
Pending end of year	2	8	13	9	4	14	9	8

TABLE 4.--*Court proceedings--Orders to cease and desist-petitions for review
lower courts--Continued*

	1927	1928	1929	1930	1931	1932	1933
Pending beginning of year	8	3	3	35	3	8	15
Appealed	4	4	34	1	10	22	3
Total for disposition	12	7	37	36	13	30	18
Decisions for Commission	4	3	1	4	3	1	2
Decisions for others	2	1	1	26	1	11	13
Petitions withdrawn	3	0	0	3	1	3	1
Total disposition during year	9	4	2	33	5	15	16
Pending end of year	3	3	35	3	8	15	2
	1934	1935	1936	1937	1938	1939	1940
Pending beginning of year	2	1	3	5	3	27	31
Appealed	1	5	6	2	29	25	22
Total for disposition	3	6	9	7	32	52	53
Decisions for Commission							

TABLE 5.--*Court proceedings--Orders to cease and desist-petitions for review*
Supreme Court of the United States--Continued

	1927	1928	1929	1930	1931	1932	1933
Pending beginning of year	6	1	0	1	0	0	0
Appealed by Commission	1	0	0	1	1	0	8
Appealed by others	1	0	2	0	0	1	0
Total for disposition	8	1	2	2	1	1	8
Decisions for Commission	3	0	0	0	0	0	6
Decisions for others	2	0	0	1	1	0	0
Petitions withdrawn by Commission	0	0	0	1	0	0	0

TABLE 6.--*Court proceedings--Mandamus, injunction, etc.--Lower courts--Con.*

	1927	1928	1929	1930	1931	1932	1933
Pending beginning of year	4	5	3	2	1	1	2
Instituted by Commission	1	0	2	0	1	0	1
Instituted by others	1	2	1	2	0	2	0
Total for disposition	6	7	6	4	2	3	3
Decisions for Commission	1	1	4	1	1	1	2
Decisions for others	0	1	0	1	0	0	0
Petitions withdrawn by Commission	0	2	0	0	0	0	0
Petitions withdrawn by others	0	0	0	0	1	0	0
Total disposition during year	1	4	4	3	1	1	2
Pending end of year	5	3	2	1	1	2	1

	1934	1935	1936	1937	1938	1939	1940
Pending beginning	1	0	0	1	0	1	5
Instituted by Commission	0	0	4	2	5	11	14
Instituted by others	2	0	1	1	1	2	3
Total for disposition	3	0	5	4	6	14	22
Decisions for Commission	2	0	4	3	2	8	20
Decisions for others	0	0	0	0	3	1	1
Petitions withdrawn by Commission	0	0	0	0	0	0	0
Petitions withdrawn by others	1	0	0	1	0	0	0
Total disposition during year	3	0	4	4	5	9	21
Pending end of year	0	0	1	0	1	5	1

CUMULATIVE SUMMARY--TO JUNE 30, 1910

Instituted by Commission	53
Instituted by others	27
Total Instituted	80
Decisions for Commission	55
Decisions for others	16
Petitions withdrawn by Commission	4
Petitions withdrawn by others	4
Total disposition	79
Pending June 30, 1910	1

TABLE 7.--*Court proceedings--Mandamus, injunction, etc.--Supreme Court of the United States*

	1919	1920	1921	1922	1923	1924	1925	1926
Pending beginning of year	0	0	0	0	0	6	4	1
Appealed by Commission	0	0	0	0	6	0	0	0
Appealed by others	0	0	0	0	0	0	0	0
Total for disposition	0	0	0	0	6	6	4	1
Decisions for Commission	0	0	0	0	0	0	0	0
Decisions for others	0	0	0	0	0	2	3	0
Certiorari denied Commission	0	0	0	0	0	0	0	0
Certiorari denied others	0	0	0	0	0	0	0	0
Total disposition during year	0	0	0	0	0	2	3	0
Pending end of year	0	0	0	0	6	4	1	1

TABLE 7.--*Court proceedings--Mandamus, injunction, etc.-- Court of the United States--Continued*

	1927	1928	1929	1930	1931	1932	1933
Pending beginning of year	1	0	0	0	0	0	0
Appealed by Commission	1	0	0	0	0	0	0
Appealed by others	0	0	0	1	0	0	0
Total for position	2	0	0	1	0	0	0
Decisions for Commission	1	0	0	0	0	0	0
Decisions for others	0	0	0	0	0	0	0
Certiorari denied Commission	1	0	0	0	0	0	0
Certiorari denied others	0	0	0	1	0	0	0
Total disposition during year	2	0	0	1	0	0	0
Pending end of year	0	0	0	0	0	0	0
	1934	1935	1938	1937	1938	1939	1940
Pending beginning of year	0	0	0	0	0	0	0
Appealed by Commission	0	0	0	0	1	0	0
Appealed by others	1	0	0	0	0	0	0
Total for disposition	1	0	0	0	1	0	0
Decisions for Commission	0	0	0	0	1	0	0
Decisions for others	0	0	0	0	0	0	0
Certiorari denied Commission	0	0	0	0	0	0	0
Certiorari denied others	1	0	0	0	0	0	0
Total disposition during year	1	0	0	0	1	0	0
Pending end of year	0	0	0	0	0	0	0

CUMULATIVE SUMMARY--TO JUNE 30, 1940

Appealed by Commission	8
Appealed by others	2
	10
Decision for Commission	2
Decisions for others	5
Certiorari denied Commission	1
Certiorari denied others	2
Total disposition	10
Pending June 30, 1940	

PART III. TRADE PRACTICE CONFERENCES

PURPOSES OF TRADE CONFERENCE PROCEDURE

TRADE PRACTICE CONFERENCE ACTIVITIES

TYPES OF PRACTICES COVERED

GROUP I AND GROUP II RULES DEFINED

TRADE PRACTICE RULES IN EFFECT

PART III. TRADE PRACTICE CONFERENCES

PURPOSES OF THE TRADE PRACTICE CONFERENCE PROCEDURE

The trade practice conference procedure has for its purpose the establishment, by the Commission, of trade practice rules for the protection of industry, trade, and the purchasing public against unfair competitive practices. Under this procedure conferences are conducted for industries and effective means are made available for industry groups or other interested or affected parties to participate voluntarily with the Commission in making provision for the elimination of trade abuses. Thus a cooperative action among competitors within the law and under Commission supervision may properly be taken to end trade abuses. Through such conference procedure the forces for good in an industry are more effectively organized and directed. Consumer representatives are likewise afforded means under the procedure for participating in the establishment and carrying out of rules in the interest of the public.

The different competitive practices or methods, which under the statutes and the various decisions of the courts or the Commission are considered to fall within the inhibitions of the law, are clarified and listed in the form of specific rules applicable to the particular conditions existing in the industry concerned. Such clarification in

the minimum yardage of ribbons; as to the true functions of radio parts and accessories; as to the quality, quantity, and size of ripe olives as packed in cans and other opaque containers; and many other unfair methods of competition and unfair or deceptive acts or practices in commerce.

GROUP I AND GROUP II RULES DEFINED

Trade practice rules, as finally promulgated, are classified by the Commission as group I and group II rules, respectively.

Group I rules.--The unfair trade practices which are embraced in group I rules are considered to be unfair methods of competition, unfair or deceptive acts or practices, or other illegal practices, prohibited under laws administered by the Federal Trade Commission, as construed in the decisions of the Commission or the Courts; and appropriate proceedings in the public interest will be taken by the Commission to prevent the use, by any person, partnership, corporation, or other organization subject to its jurisdiction, of such unlawful practices in or directly affecting interstate commerce.

Group II rules embrace the wholly voluntary or recommended industry practices as distinguished from compulsory requirements. No such industry rule is received by the Commission unless the provision is in harmony with law and the public interest, and is constructively in support of the maintenance of fair competitive conditions in the industry.

TRADE PRACTICE RULES IN EFFECT AND THEIR ADMINISTRATION

Rules in effect.--Trade practice rules which are in effect for various industries number many hundreds. For example, the last 50 industries for which trade practice conference proceedings had been held have a total of 858 rules, of which 730 are in group I and 128 in group II. The types of trade practices hereinabove listed are indicative of the different kinds covered in the rules for these 50 industries.

Administration of rules.--This work covers the necessary compliance activities, interpretation of rules, and their application to specific situations arising from time to time in different industries, and the general administrative duties in respect to such activities. Such work concerns not only those rules promulgated during the current fiscal year, but also those promulgated in prior years and remaining in effect. A large volume of correspondence was conducted throughout the year in regard to existing rules, particularly as affecting com-

1 Rules, when promulgated for an industry, are issued in pamphlet form. A 1-volume compilation of the various sets of rules promulgated for different industries from Sept. 1, 1935, to Aug. 31, 1939, 31, ~~Bluffton~~

pliance with the provisions, and in general assisting industry members in the proper application and observance of rules in order to promote the use of fair practices and the protection of the public interest. Numerous informal conferences were had with members of industries and with other interested parties or groups. In a great majority of matters received during the fiscal year involving objectionable practices under the rules, correction or adjustment was brought about through was

PART IV. RADIO AND PERIODICAL ADVERTISING

SPECIAL PROCEDURE PROVIDES CONTINUOUS SURVEY OF
PUBLISHED AND BROADCAST MATTER

PART IV. RADIO AND PERIODICAL ADVERTISING

Newspaper and magazine advertising.--In examining advertisements in current publications, it has been found advisable to call for some newspapers and magazines on a continuous basis, due to the persistently questionable character of the advertisements published. However, as to publications generally, of which there are some 20,000, it is physically impossible to survey continuously all advertisements of a doubtful nature; also, it has been found unnecessary to examine all the issues of publications of recognized high ethical standard whose publishers carefully censor all copy before acceptance.

Generally, copies of current magazines and newspapers are procured on a staggered monthly basis, at an average rate of three times yearly for each publication, the frequency of the calls for each publication depending upon its circulation and the character of its advertisements.

Through such systematic calls for magazines and newspapers during the fiscal year ended June 30, 1940, the Commission procured 1,631 editions of representative newspapers of established general circulation and 1,339 editions of magazines and farm journals of interstate distribution representing a combined circulation of 122,-995,074. Among these periodicals were included representative foreign-language publications having a combined circulation of 1,417,587 copies.

The Commission examined 300,741 advertisements appearing in the aforementioned newspapers and magazines and noted 24,104 as containing representations that appeared to be false or misleading. The 24,104 questioned advertisements provided current specimens for check with existing advertising cases as to their compliance with orders of the Commission and stipulations accepted from advertisers, and also formed the bases of prospective cases not previously set aside for investigation.

Almanac advertising.--As an important supplement to its review of periodical advertising, the Commission examines almanacs of wide distribution which are used as advertising media for distributors of drugs, devices, and other commodities sold for the treatment of various ailments.

Mail-order advertising.--In January 1939, the Commission extended its examination of current published advertisements to include a continuous systematic survey of advertising matter appearing in mail-order catalogs and circulars. During the fiscal year ended June 30, 1940, the Commission procured mail-order catalogs and circulars containing an aggregate of 15,314 pages, being distributed periodically by mail-order companies. Of the 56 mail-order houses included in this survey, 5 represent combined annual net sales in excess of \$996,000,000 worth of merchandise.

In the subsequent examination of 15,208 pages of the mail-order advertising, 441 pages have been marked by the preliminary reviewing staff as containing possibly false, misleading, and deceptive material, and have been set aside for investigation. A wide variety of commodities (including food, drugs, devices, and cosmetics) is included in this questioned advertising.

Radio advertising.--The Commission, in its systematic review of advertising copy broadcast over the radio, issues calls to individual radio stations, generally at the rate of four times yearly for each station. However, the frequency of calls to such individual broadcasters is varied from time to time, dependent principally upon transmittal power, the service radius or area of specific stations, and the advertising record of certain types of stations, as disclosed in analyses of previous advertising reviews.

National and regional networks respond on a continuous weekly basis, submitting copies of commercial continuities for all programs wherein linked hook-ups are used involving two or more affiliated or member stations.

Producers of electrical transcription recordings submit monthly returns of typed copies of the commercial portions of all recordings produced by them for radio broadcast. This material is supplemented by periodic reports from individual stations listing the programs of recorded commercial transcription and other essential data.

During the fiscal year ended June 30, 1940, the Commission received 759,595 copies of commercial radio broadcast continuities, amounting to 1,518,237 pages of typewritten script. These comprised 1,072,537 pages of individual station script and 445,700 pages of network script.

The staff read and marked 684,911 commercial radio broadcast continuities, amounting to 1,398,561 pages of typewritten script. These comprised 436,700 pages of network script and 961,861 pages of individual station script. An average of 4,570 pages of radio script were read each working day. From this material 22,556 commercial broadcasts were marked for further study as containing representations that might be false or misleading. Time 22,556 questioned commercial continuities provided current specimens for check with existing advertising cases as to their compliance with orders of the Commission and stipulations accepted from advertisers, in addition to forming the bases for prospective cases which may not previously have been set aside for investigation.

Cooperation of radio and publishing industries.--In general, the Commission has received the helpful cooperation of Nation-wide and regional networks and transcription producers, in addition to that of some 717 active commercial radio stations, 468 newspaper

misleading, a questionnaire is sent to the advertiser, and request is made for a sample of the product advertised, if this is practicable, and the quantitative formula, if the product is a compound. Copies of all advertisements published or commercial continuities broadcast during a specific period are also requested, together with copies of all booklets, folders, circulars, form letters, and other advertising literature used.

Upon receipt of these data, the claims, sample, and formula are referred to the Commission's Medical Advisory Division or to an appropriate technical agency of the Government for a scientific opinion. Upon receipt of the opinion, a list of such claims as then appear to be false or misleading is prepared and sent to the advertiser, along with pertinent portions of the opinion. The advertiser is extended the privilege of submitting such evidence as he may desire in support of his claims; he may answer by letter or, upon his request, may confer with the Commission's Radio and Periodical Division in person or through counsel.

If, after a consideration of all available evidence at hand including that furnished by the advertiser, the questioned claims appear to be true, the division reports the matter to the Commission with the recommendation that the case be closed.

If it appears from the weight of the evidence before it that the advertising is false or misleading, the division refers the matter to the Commission with recommendation either that complaint issue or the case be returned to the division for negotiation of a stipulation, provided it is one appropriate for stipulation procedure and the advertiser desires to dispose of it by such voluntary agreement.

PART V. FOREIGN-TRADE WORK

THE EXPORT TRADE ACT

EXPORTS IN 1939 TOTAL \$237,060,000

44 EXPORT GROUPS REPRESENT 434 MEMBER COMPANIES

READJUSTMENT OF PACIFIC FOREST INDUSTRIES

REPORT ON OPERATION OF EXPORT TRADE ACT, 1918-40

TRUST LAWS AND UNFAIR COMPETITION ABROAD

PART V. FOREIGN-TRADE WORK

Foreign trade work of the Commission includes administration of the Export Trade Act (Webb-Pomerene law) and inquiries under section 6 (h) of the Federal Trade Commission Act.

THE EXPORT TRADE ACT

handled, shipped, and paid

cisco.
California Prune Export Association, 1
Drumm Street, San Francisco.
California Rice Exporters, 351 Califor-
nia Street, San Francisco.

General Milk Co., Inc., 19 Rector Street,
New York.
Goodyear Tire & Rubber Export Co.,
The, 1144 East Market Street, Akron,
Ohio.

- International Wood Naval Stores Export Corporation, Gulfport, Miss.
- Metal Lath Export Association, The, 55 West 42nd Street, New York.
- Northwest Dried Fruit Export Association Title and Trust Building, Portland, Oreg.
- Pacific Forest Industries, Tacoma Building, Tacoma, Washington.
- Pacific Fresh Fruit Export Association, 333 Pine Street, San Francisco.
- Pencil Industry Export Association, 703 East 13th Street, New York.
- Phosphate Export Association, 393 Seventh Avenue, New York.
- Piper Fittings & Valve Export Association, The, 1421 Chestnut Street, Philadelphia.
- Plate Glass Export Corporation, Grant
- Rice Export Association, Queen & Crescent Building, New Orleans.
- Rubber Export Association, The, 19 Goodyear Avenue, Akron, Ohio.
- Shook Exporters Association, Box 5188, Memphis, Tenn.
- Signal Export Association, 420 Lexington Avenue, New York.
- Steel Export Association of America, The, 75 West Street, New York.
- Sugar Export Corporation, 120 Wall Street, New York.
- Sulphur Export Corporation, 420. Lexington Avenue, New York.
- Textile Export Association of the United States, 40 Worth Street, New York.
- U. S. Alkali Export Association, Inc., 11 Broadway, New York.

by its members, or take any other action designed to prevent or restrict such sales.

4. That Pacific Forest Industries cease and desist from advertising in foreign countries that it is the sole export representative of the plywood mills in the United States Pacific Northwest, and from making any similar advertising claims to the effect that United States Douglas fir plywood can be purchased in foreign countries only through Pacific Forest Industries or its agents.

The term "American exporter" is defined, for the purpose of these recommendations, as a citizen of the United States, a partnership in which the partner or partners owning the principal beneficial interest is or are citizens of the United States, or a corporation domiciled in the United States.

Operation of tile associations has been vitally affected by war conditions. The act came into effect in 1918, during the closing chapter of the World War. It was used to some advantage in furnishing products for use of the allies, and also for the disposition of surplus war stocks after the armistice. During the reconstruction period there was great demand for American products abroad, and large orders were placed. The necessity for self-sufficiency in case of future wars, led to important changes in European production and trade; this was especially true in cereals, milk, and other food lines. Certain industries have been built up abroad during the past 20 years through subsidies and regulation and the Webb law associations have adjusted their markets to meet those conditions. The depression period as an aftermath of war, appeared first in foreign countries, and was met by governments with regulations looking toward a lowering of prices and restriction of imports in order to prevent violent fluctuations in exchange; these measures had serious effects upon American exports. Internal disturbances in the Latin-American countries and the Sino-Japanese conflict in the Orient necessitated further shifts in American exports. In the meantime new war clouds gathering in Europe increased the demand for some classes of goods and again there were shifts in exports across the Atlantic.

When the report was written, in February 1940, it was too early to estimate the effects of the European War. But attention was called to the fact that in reviewing the past years of operation, some prophecy might be made of the future, since export trade was in much the same position as when the law was passed in 1918. Before it lay a period of European conflict and a further period of reconstruction. Again the problems of shifting markets, uncertain credit and foreign trade restrictions must be met in the years to come. Transportation facilities will again be changed when the war conditions are at an end. Not only in Europe but in South America and in the Orient, there will be important changes and tremendous opportunities for tile development of trade.

There was therefore renewed interest in the Export Trade Act in 1939 and 1940. The association type of organization was uppermost in the minds of exporters because no one company, however well equipped, could solve the problems that confronted our industries and exporters.

TRUST LAWS AND UNFAIR COMPETITION IN FOREIGN COUNTRIES

Under section 6 (h) of the Federal Trade Commission Act, the Commission follows trust legislation and measures for control of trade and prevention of unfair competition abroad. The past year was marked by war-time control in countries engaged in the European

military defense of the nation. Decree law No. 1607, September 16, 1939, established a Supply Committee to regulate stocks and prices of essential products, with authority to buy the goods and distribute them at cost, or to requisition merchandise declared by the Government as of prime necessity for the public welfare. Decree law No. 1716, October 28, 1939, provided for criminal act ion in case of price in creases and speculation against the public economy. Decree law No. 1641, September 29, 1939, created a National Economic Defense Council to promote and control foreign trade, enter into agreements with foreign governments, and regulate l land and maritime rit transportation.

Canada.--The War Measures Act of 1914 was invoked September 3, 1939, by Order in Council No. 2516, under which a Wartime Prices and Trade Board was established for control of production, manufactur~~ing~~exportation0.023D 0 Tc () To23D 0 Tc () To23D 0D

production in the country, as to any determined article. New factories may not then be opened without authority of the President, and he may establish qualities, containers, and price of sale in harmony with cost of production ; he may also prevent profiteering, speculation, and excess profits.

Cuba.--Decree No.1473, June 20, 1939, authorized supervision of retailers to prevent sale of merchandise below cost or at prices different from those fixed by the manufacturer, producer, or distributor, or those officially fixed by the Government. Decrees in September and December 1939 established maximum prices on certain foodstuffs to prevent price increase on articles of prime necessity.

Denmark.--A law of September 2, 1939, gave to tile Minister of Commerce, Industry, and Shipping authority to take any steps necessary to purchase goods, regulate prices, limit consumption, allot stocks, and prohibit exports if necessary. A law of May 3,1939, provided for war-risk insurance on Danish ships and cargoes, with Government capital.

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A decree on September 9, 1939, prohibited increased prices, whole sale or retail, without Government authority. Price control has been divided, some products under the Ministry of Defense, others under the Ministers of Armament, Public Works, Commerce, and Agriculture. The Act for Provisioning of the Population in Time of War, April 21, 1939, provided for a provisioning service set up under the Ministry of Agriculture, and numerous decrees were issued after war began in

omy coordinate all economic departments of the Government, with control of the special co

The Import, Export, and Customs

importation and distribution company would be created to handle raw materials, and an export control company would purchase and control all exportable goods except textiles.

Latvia.--Decree of September 19, 1939, authorized the Ministry of Finance to insure all Latvian steamships, motorships, and freight shipped to and from Latvian ports.

Mexico.--Encouragement of new industrial enterprises is given in a decree published on February 17, 1940, which grants exemption to such companies from the payment of various taxes and customs duties, for a period of five years.

Netherlands.--As early as September 1938 steps were taken to empower the Government, through its *Export Control Act* (1938) (T.C. (S. P.) 816400 (D. S. V. gain), Tj 1.92

purposes; the Military Appropriation Law providing that in case of mobilization, the military command may expropriate whatever goods, conveyances, quarters and land may be necessary; the Law on Municipal Duties in War Time for the purpose of coordinating local and national organizations; the Law on Commandeering of Hospitals; and several

PART VI. MEDICAL ADVISORY SERVICE

PART VI. MEDICAL ADVISORY SERVICE

FURNISHES OPINIONS IN CASES CONCERNING ADVERTISEMENT OF FOOD, DRUGS, DEVICES AND COSMETICS

The Commission has a medical adviser for consultation in connection with cases involving the validity of claims made in the advertisement of food, drugs, devices, and cosmetics.

Shortly after the passage of the Wheeler-Lea amendment to the Federal Trade Commission Act in 1938, the Surgeon General of the United States Public Health Service assigned to the Commission an experienced medical officer to perform this type of service, which is available to all branches of the Commission.

Through its medical adviser the Commission maintains contact with other Government agencies concerned with food, drugs, devices, and cosmetics. These include the Food and Drug Administration, the National Bureau of Standards, and the United States Public Health Service.

PART VII. FISCAL AFFAIRS

APPROPRIATION ACT PROVIDING FUNDS FOR COMMISSION WORK

The Independent Offices Appropriation Act, 1940 (Pub., No.8, 76th Cong.) , approved March 16, 1939, provided funds for the fiscal year 1940 for the Federal Trade Commission as follows:

For five Commissioners, and for all other authorized expenditures

Trade Practice Conferences	88,642.64	1,473.80		90,116.44
Total	1,278,519.66	113,106.76	11,709.18	1,401,335.58

Detailed statement of costs for the fiscal year ending June 30, 1940--Continued

		Salary	Travel expense	Other	Total
General investigations:					
Accounting methods and practices	\$46,528.34	\$3,778.94		\$50,307.28	
Industrial corporation financial reports	11,371.45			11,371.45	
Correlation of distribution reports	2,918.23			2,918.23	
Fresh fruits and vegetables			1 20.05		20.05
Milk investigation	54.16				54.16
Motor-vehicle investigation	1,298.80	33.99		1,332.79	
Resale price maintenance investigation (1939)		95,389.59	12,165.84		107,535.43
Temporary National Economic Committee	64,596.42	1,481.31		66,057.73	
Total	222,136.99	17,420.03		239,557.02	
Printing and binding				\$60,906.59	60,906.59
Summary:					
Commissioners	79,768.27	784.96		80,553.23	
Administration	392,018.23		78,618.24	470,636.47	
Legal	1,276,519.66	113,106.76	11,709.16	1,401,335.58	
General investigations	222,136.99	17,420.03		239,557.02	
Printing and binding	60,006.59			60,906.59	
Total	1,970,443.15	131,311.75	151,233.99	2,252,988.89	

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RECAPITULATION OF COSTS BY DIVISIONS

Administrative	\$492,687.70	\$1,976.62	\$75,495.24	\$570,159.56
Economic	250,534.84	17,667.52		268,202.36
Chief Counsel	372,009.86	32,896.93	3,413.23	408,320.02
Chief Examiner	505,588.69	60,768.54	10,989.18	577,344.41
Radio and Periodical	142,618.79	16.80	429.75	143,065.14
Trial Examiner	112,092.83	16,169.27		128,262.10
Trade Practice Conference	74,891.07	1,473.58		76,364.65
Medical Advisory	4,563.80			4,563.60
Temporary National Economic Committee	15,457.77	342.69		15,800.46
Total	1,970,443.15	131,311.75	90,327.40	2,192,082.30

APPROPRIATIONS AND EXPENDITURES, 1940--sep73w (66-19278-1) 45 To (3.00) 4400015 To 04392,15

Year	Nature of appropriations	Appropriations and liabilities	Expenditures	Balance
1927	Lump sum	980,000.00	943,881.99	36,118.01
	Printing and binding	17,000.00	17,000.00	0
1928	Lump sum	967,850.00	951,965.15	15,884.85
	Printing and binding	16,500.00	16,500.90	0
1929	Lump sum	1,135,414.83	1,131,521.47	3,893.36
	Printing and binding	27,777.69	27,777.69	0
1930	Lump sum	1,440,971.82	1,430,084.17	10,887.65
	Printing and binding	35,363.58	35,363.58	0
1931	Lump sum	1,932,857.81	1,808,463.35	124,454.46
	Printing and binding	39,858.73	39,858.73	0
1932	Lump sum	1,808,097.19	1,749,484.00	58,612.59
	Printing and binding	30,000.00	30,000.00	
1933	Lump sum	1,421,714.70	1,378,973.14	42,741.56
	Printing and binding	30,000.00	20,000.00	10,000.00
1934	Lump sum	1,273,763.49	1,273,006.38	157.11
	Printing and binding	40,250.00	40,250.00	0
1935	Lump sum	2,063,398.01	1,922,313.34	141,084.67
	Printing and binding	34,000.00	34,000.00	0
1936	Lump sum	1,998,665.58	1,788,729.76	209,935.82
	Printing and binding	36,800.00	32,996.05	3,803.95
1937	Lump sum	1,895,571.94	1,850,673.82	44,898.12
	Printing and binding	43,353.95	43,353.95	0
1938	Lump sum	1,950,000.00	1,895,519.47	54,480.35
	Printing and binding	46,000.00	46,000.00	0
1939	Lump sum	2,236,795.00	2,150,474.40	86,320.60

APPENDIXES

FEDERAL TRADE COMMISSION ACT

CLAYTON ACT

ROBINSON-PATMAN ACT

EXPORT TRADE ACT

WOOL PRODUCTS LABELING ACT OF 1939

SHERMAN ACT

MILLER-TYDINGS ACT

RULES OF PRACTICE

STATEMENT OF POLICY

INVESTIGATIONS, 1915-1940

FEDERAL TRADE COMMISSION ACT

(15 U.S. C., Secs. 41-58)

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.

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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,

¹ By subsection (f), Section 1107 of the "Civil Aeronautics Act of 1938," approved June 23, 1938, Public No.706, 75th Congress, Ch. 601, 3d Sess., S. 3845, 52 Stat. 1028, Section 5 (a) of the Federal Trade Commission Act was amended by inserting before the words persons" (and following the words "to regulate commerce"), the following: "air carriers and foreign air carriers subject to the Civil Aeronautics carriers3d

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. If upon such hearing the Commission shall be of the opinion that the method of competition or the act or practice 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

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

2 Section 5 (a) of the amending Act of 1938 provides :

SEC. 5. (a) In case of an order by the Federal Trade Commission to cease and desist, served on or before the date of enactment of this Act, the sixty-day period referred to in section 5 (C) of the Federal Trade Commission Act, as amended by this Act, shall begin on the date of the enactment of this Act.

subject to review by the Supreme Court upon certiorari, as provided in section 240 of the Judicial Code.

(d) The jurisdiction of the circuit court of appeals of the United States to affirm, enforce, modify, or set aside orders of the Commission shall be exclusive.

(e) 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 court to enforce the same shall in any wise relieve or absolve any person, partnership, or corporation from any liability under the Antitrust Acts.

(f) 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 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 residence or 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 residence or principal office or place of business.

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certiorari has expired, and no such petition has been duly filed, or (2) the petition for certiorari has been denied, or (3) the decision of the court has been affirmed by the Supreme Court, then the order of the Commission rendered upon such rehearing shall become final in the same manner as though no prior order of the Commission has been rendered.

(k) As used in this section the term "mandate," in case a mandate has been recalled prior to the expiration of thirty days from the date of issuance thereof, means the final mandate.

(l) Any person, partnership, or corporation who violates an order of the Commission to cease and desist after it has become final, and while such order is in effect, shall forfeit and pay to the United States a civil penalty of not more than \$5,000 for each violation, which shall accrue to the United States and may be recovered in a civil action brought by the United States.

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

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

3 Public No.78, 73d Cong., approved June 16, 1933, making appropriations for

as upon the report of a master 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 TD 0 Tc 0.03 Tw () Tj 2.04 0 TD 0.01a

otherwise, before the commission in obedience to a subpoena issued by it ; *Provided*, That no natural

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 willfully 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 tile jurisdiction of the United States, or willfully mutilate, alter, or by any other means falsify any documentary evidence me a ~~ny~~

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(2) that the enjoining thereof pending the issuance of a complaint by the Commission under section 5, and until such complaint is dismissed by the Commission or set aside by the court on review, or the order of the Commission to cease and desist made thereon has become final within the meaning of section 5, would be to the interest of the public, the Commission by any of its attorneys designated by it for such purpose may bring suit in a district court of the United States or In the United States court of any Territory, to enjoin the dissemination or the causing of the dissemination of such advertisement. Upon proper showing a temporary injunction or restraining order shall be granted without bond. Any such suit shall be brought in the district in which such person, partnership, or corporation resides or transacts business.

(b) Whenever it appears to the satisfaction of the court in the case of a news-paper, magazine, periodical, or other publication, published at regular intervals--

(1) that restraining the dissemination of a false advertisement in any particular issue of such publication would delay the delivery of such issue after the regular time therefor, and

(2) that such delay would be due to the method by which the manufacture and distribution of such publication is customarily conducted by the publisher in accordance with sound business practice, and not to any method or device adopted for the evasion of this section or to prevent or delay the issuance of an injunction or restraining order with respect to such false advertisement or any other advertisement.

the court shall exclude such Issue from the operation of the restraining order or injunction.

Sec. 14.

chewing gum, and (3) articles used for components of any such article.

(c) The term “drug” means (1) articles recognized in the official United States Pharmacopoeia, official Homeopathic Pharmacopoeia of the United States, or official National Formulary, or any supplement to any of them ; and (2) articles Intended for use In the diagnosis, cure, mitigation, treatment, or prevention of disease In man or other animals ; and (3) articles (other than food)

⁴ Section 5 (b) of the amending Act of 1938 provides :

Sec. 5 (b) Section 14 of the Federal Trade Commission Act, added to such Act by section 4 of this Act, shall take effect on the expiration of sixty days after the date of the enactment of this Act.

intended to affect the structure or any function of the body of man or other animals ; and (4) articles intended for use as a component of any article specified in clause (1), (2) , or (3); but does not include devices or their components, parts, or accessories.

(d) The term “device” (except when used in subsection (a) of this section) means instruments, apparatus, and contrivances, including their parts and accessories, intended (1) for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in man or other animals ; or (2) to affect the structure or any function of the body of man or other animals.

(e) The term “cosmetic” means (1) articles to be rubbed, poured, sprinkled, or sprayed on, introduced into, or otherwise applied to the human body or any part thereof intended for cleansing, beautifying, promoting attractiveness, or altering the appearance, and (2) articles intended for use as a component of any such articles; except that such term shall not include soap.

Sec. 16. Whenever the Federal

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. 2.1

price between different purchasers of commodities of like

competing in the distribution of such products or commodities.

(e) That it shall be unlawful for any person to discriminate in favor of one purchaser against another purchaser or purchasers of a commodity bought for resale, with or without processing, by contracting to furnish or furnishing, or by contributing to the furnishing of, any services or facilities connected with the processing, handling, sale, or offering for sale of such commodity so pur-

chased upon terms not accorded to all purchasers on proportionally equal terms.

(f) That it shall be unlawful for any person engaged In commerce, in the course of such commerce, knowingly to induce or receive a discrimination in price which is prohibited by this section.

* * * * *

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.

* * * * *

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

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

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 direct

2 By subsection (g) of Section 1107 of the “Civil Aeronautics Act of 1938,” approved June 23, 1938. Public, No. 706, 75th Congress. Ch. 601. 3d Sess., S. 3845, 52 Stat. 1028, Section 11 of the Act of October 15, 1914, the Clayton Act. was amended by inserting after the word “energy’ (in the tenth line from the beginning of the paragraph, rending “communication or radio transmission of energy:”). the following: “in the Civil Aeronautics Authority where applicable to air carriers and foreign air carriers subject to the Civil Aeronautics Act of 1938:” and by inserting after the word “commission” wherever it appears in that section a comma and the word “authority.”.

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, and the commission, authority, or board shall file 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 the plea.

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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 on or after July 1, 1900, shall be proof of the same.

ROBINSON-PATMAN ANTI-DISCRIMINATION ACT

(U. S. C., Title 15, Sec. 13, as amended)

AN ACT To amend section 2 of the Act entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15, 1914, as amended (U. S. C., title 15, sec. 13), and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Act entitled "An Act to supplement existing laws against unlawful restraints and monopolies and for other purposes," approved October 15, 1914, as amended (U. S. C., title 15, Sec. 13), is amended to read as follows:

"SEC. 2. (a) That it shall be unlawful for any person engaged in commerce" (etc., as published on p. 176 as the text of sec. 2, namely, subparagraphs (a) to (f), inclusive, ending with the words "which is prohibited by this section").

SEC. 2. That nothing herein contained shall affect rights of action arising, or litigation pending, or orders of the Federal Trade Commission issued and in effect or pending on review, based on section 2 of said Act of October 15, 1914, prior to the effective date of this amendatory Act: *Provided,* That where, prior to the effective date of this amendatory Act, the Federal Trade Commission has issued an order requiring date t o p a n d F c d e e

exacted by said person elsewhere in the United States for the purpose of destroying competition, or eliminating a competitor In such part of the United States; or, to sell, or contract to sell, goods at unreasonably low prices for the purpose of destroying competition or eliminating a competitor.

Any person violating any of the provisions of this section shall, upon conviction thereof, be fined not more than \$5,000 or imprisoned not more than one year, or both.

SEC. 4. Nothing in this Act shall prevent a cooperative association from returning to its members, producers, or consumers the whole, or any part of, the net

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.

¹ By Public. No.550, 75th

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 addresseitsn 27.96 0 TD 0 Tc 0.03 Tw0185 TD 0 0 Tw 4() Tjn

presence of substitutes and mixtures in spun, woven, knitted, felted, or otherwise manufactured wool products, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Wool Products Labeling Act of 1939."

DEFINITIONS

SEC. 2. As used in this Act--

(a) The term "person" means an individual, partnership, corporation, association, or any other form of business enterprise, plural or singular, as the case demands.

(A) the percentage Of the total fiber weight of the wool product, exclusive of ornamentation not exceeding 5 per centum of said total fiber weight, of (1) wool; (2) reprocessed wool; (3) reused wool; (4) each fiber other than wool if said percentage by Weight of such fiber Is 5 per centum or more; and (5) the aggregate of all other fibers: *Provided*, That deviation of the fiber contents of the wool product from percentages stated on the stamp, tag, label, or other means of identification, shall not be misbranding under this section if the person charged with misbranding proves such

deviation resulted from unavoidable variations in manufacture and despite the exercise of due care to make accurate the statements on such stamp, tag, label, or other means of identification.

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

(C) the name of the manufacturer of the wool product and/or the name of one or more persons subject to section 3 with respect to such wool product.

SEC. 6. (a) Except as otherwise specifically provided herein, this Act shall be enforced by the Federal Trade Commission under rules, regulations, and procedure provided for in the Federal Trade Commission Act.

The Commission is authorized and directed to prevent any person from violating the provisions of this Act in the same manner, by the same means, and with

the same jurisdiction, powers, and duties as though all applicable terms and provisions of the Federal Trade Commission Act were incorporated into and made a part of this Act; and any such

court of any Territory, for the district or Territory in which such person resides or transacts business, to enjoin such violation, and upon proper showing a temporary injunction or restraining order shall be granted without bond.

EXCLUSION OF MISBRANDED WOOL PRODUCTS

SEC. 8. All wool products imported into the United States, except those made more than twenty years prior to such importation, shall be stamped, tagged, labeled, or otherwise identified in accordance with the provisions of this Act,

and all invoices of such wool products required under the Act of June 17, 1930 (c. 497, title IV, 46 Stat. 719), shall set forth, in addition to the matter therein specified, the information with respect to said wool products required under the provisions of this Act, which information shall be in the invoices prior to their certification under said Act of June 17, 1930.

The falsification of, or failure to set forth, said information in said invoices, or the falsification or perjury of the consignee's declaration provided for in said Act of June 17, 1930, insofar as it relates to said information, shall be an unfair method of competition, and an unfair and deceptive act, or practice, in commerce under the Federal Trade Commission Act; and any person who falsifies, or fails to set forth, said information in said invoices, or who falsifies or perjures said consignee's declaration in so far as it relates to said information, may thenceforth be prohibited by the Commission from importing, or participating in the importation of, any wool products into the United States except upon filing bond with the Secretary of the Treasury in a sum double the value of said wool products and any duty thereon, conditioned upon compliance with the provisions of this Act.

A verified statement from the manufacturer or producer of such wool products showing their fiber content as required under the provisions of this Act may be required under regulations prescribed by the Secretary of the Treasury.

GUARANTY

SEC. 9. (a) No person shall be guilty under section 3 if he establishes a guaranty received in good faith signed by and containing the name and address of the person residing in the United States by whom the wool product guaranteed was manufactured and/or from whom it was received, that said wool product is not misbranded under the provisions of this Act.

Said guaranty shall be either (1) a separate guaranty specifically designating the wool product guaranteed, in which case it may be on the Invoice or other paper relating to said wool product; or (2) a continuing guaranty filed with the Commission applicable to all wool products handled by a guarantor in such form as the Commission by rules and regulations may prescribe.

(b) Any person who furnishes a false guaranty, except a person relying upon a guaranty to the same effect received in good faith signed by and containing the name and address of the person residing in the United States by whom the wool product guaranteed was manufactured and/or from whom it was received, with reason to believe the wool product falsely guaranteed may be introduced, sold, transported, or distributed in commerce, is guilty of an unfair method of competition, and an unfair and deceptive act or practice, in commerce within the meaning of the Federal Trade Commission Act.

CRIMINAL PENALTY

SEC. 10. Any person who willfully violates sections 3, 5, 8, or 9 (b) of this Act shall be guilty of a misdemeanor and upon conviction shall be fined not more than \$5,000, or be imprisoned not more than one year, or both, in the discretion of the court: *Provided*, That nothing herein shall limit other provisions of this Act.

Whenever the Commission has reason to believe any person is guilty of a misdemeanor under this section,

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SEC. 12. This Act shall take effect nine months after the date of its passage.

SEPARABILITY CLAUSE

SEC. 13. If any provision of this Act, or the application thereof to any person, partnership, corporation, or circumstance is held invalid, the remainder of the Act and the application of such provision to any other person, partnership, corporation, or circumstance shall not be affected thereby.

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 ² 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

¹ Published as amended by Miller-Tydings Act (Pub., No.314, 75th Cong.. H. R. 7472. approved Aug. 17, 1937).

² Act of Mar. 3.1911. c. 231. 36 Stat 1167. abolishes the courts referred to. and confers t heir Dowers upon the district courts.

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 in 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 18 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 in 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 he 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 three-fold 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.

MILLER-TYDINGS ACT

(Approved August 17, 1937, as a rider to the District of Columbia revenue act)

SECTION 1 of the act entitled "An act to protect trade and commerce against unlawful restraints and monopolies," approved July 2, 1890 [the Sherman Act], is amended to read [see Sherman Act, sec. 1, p.187]

RULES OF PRACTICE

RULE I. THE COMMISSION

Offices.--The principal office of the Commission is at Washington, D. C.

All communications to the Commission must be addressed to: Federal Trade Commission, Washington, D. C., unless otherwise specifically directed.

Branch offices are maintained at New York, Chicago, San Francisco, Seattle, and New Orleans.

Their addresses are: Federal Trade Commission, room 509, 45 Broadway, New York, N. Y.; Federal Trade Commission, 1118 New Post Office Building, 433 West Van Buren Street,

Chicago, Ill.; Federal Trade Commission, 548 Federal Office Building, San Francisco, Calif.; Federal Trade Commission, 801 Federal Building, Seattle, Wash.; Federal Trade Commission, 321 Federal Office Building, New Orleans, La.

Hours.--Offices are open on each business day, except Saturday, from 9 a. m. to 4: 30 Pm., and on Saturdays from 9 a. m. to 1 p.m.

Sessions.--*The* Commission may meet and exercise all its powers at any 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 hearings will be held as ordered by the Commission.

Sessions of the Commission for the purpose of making orders and for transaction of other business unless otherwise ordered will be held at the principal office of the Commission at Peninw (otlvania Avenuethe Sixth Street, Wash Tjton, D. C., t) each ness

of Columbia, may practice before the Commission.

No register of attorneys who may practice before the Commission is maintained. No application for admission to practice before the Commission is required. A written notice of appearance on behalf of a specific party or parties in the particular proceeding should be submitted by attorneys desiring to appear for such specific party or parties, which notice shall contain a statement that the attorney is eligible under the provisions of this rule. Any attorney practicing before the Commission or desiring so to practice may, for good cause shown, be disbarred or suspended from practicing before the Com-

would be to the interest of the public, the Commission shall issue and serve upon the proper parties a complaint stating its charges and containing a notice of a hearing upon a day and at the place therein fixed, at least thirty (30) days after the service of said complaint.

RULE IX. ANSWERS

In case of desire to contest the proceeding the respondent shall, within twenty (20) days from the service of the complaint, file with the Commission an answer to the complaint. Such answer shall contain a concise 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.

Four copies of answers shall be furnished. All answers shall be signed in ink, by the respondent or by his attorney at law. Corporations or associations shall file answers through a bona fide officer or by an attorney at law. Answers shall show the office and post-office address of the signer.

Failure of the respondent to file answer within the time above provided and failure to appear at the time and place fixed for hearing shall be deemed to authorize the Commission, without further notice to respondent, to proceed in regular course on the charges set forth in the complaint.

If respondent desires to waive hearing on the allegations of fact set forth in the complaint and not to contest the facts, the answer may consist of a statement that respondent admits all the material allegations of fact charged in the complaint to be true. Respondent by such answer shall be deemed to have waived a hearing on the allegations of fact set forth in said complaint and to have authorized the Commission, without further evidence, or other intervening procedure, to find such facts to be true.

Contemporaneously with the filing of such answer the respondent may give notice in writing that he desires to be heard on the question may give notice in writing that he desires to be heard on the question as to whether the admitted facts constitute the violation of law charged in the complaint. Pursuant to such notice, the respondent may file a brief, directed solely to that question, in accordance with the rule XXIII.

RULE X. MOTIONS

Motions before the Commission or the trial examiner shall state briefly the purpose thereof and all supporting affidavits, records, and other papers, except such as have been previously filed, shall be filed with such motions and clearly referred to therein.

Motions in any proceeding before a trial examiner which relate to the the r

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a transcript thereof shall be made which shall be a part of the record of the proceeding. The record so made shall be the sole official record. Transcripts will be supplied to a respondent or respondents and to the public by the official reporter at rates not to exceed the maximum rates fixed by contract between the Commission and the reporter.

Upon the joining of issue in a proceeding upon complaint issued by the Commission, the taking of evidence therein shall proceed with all reasonable diligence and with the least practicable delay.

Not less than five (5) days' notice of the time and place of the initial hearing before the Commission, a Commissioner, or a trial examiner, shall be given by the Commission to counsel of record or to parties.

RULE XIII. HEARINGS ON INVESTIGATIONS

When a matter for investigation is referred to a single Commissioner, or examiner, for examination or report, such Commissioner, or examiner, if author-

ized by the Commission, may conduct or hold conferences or hearings thereon, and reasonable notice of the time and place of such hearings shall be given to parties in interest and posted.

The chief counsel, or such attorney as shall be designated by him, or by the Commissioner, or by the Commission, shall attend such hearings and prosecute the investigation, which shall be public, unless otherwise ordered by the Commission.

RULE XIV. TRIAL EXAMINERS

When evidence is to be taken in a proceeding upon complaint issued by the Commission, a trial examiner may be designated for that purpose by the Commission.

It shall be the duty of the trial examiner to complete the taking of evidence with all due dispatch.

The trial examiner shall state the place, day, and hour to which the taking of evidence may from time to time be adjourned.

The trial examiner is charged with the duty of conducting a fair and impartial hearing and of maintaining order in form and manner consistent with the dignity of the Commission. He will note on the record any disregard by counsel of his rulings on matters of order and procedure and

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Documentary.--Where relevant and

RULE XIX. DEPOSITIONS

The Commission may order evidence to be taken by disposition in any proceeding or investigation pending at any stage of such proceeding or investigation. Such depositions may be taken before any person designated by the Commission and havingbe

RULE XX. TRIAL EXAMINER'S REPORT

The trial examiner shall, within fifteen (15) days after receipt by him of the complete stenographic transcript of all testimony in a proceeding, make his report upon the evidence.

A copy of such report shall forthwith be served upon each attorney for the Commission, upon each attorney for respondents, and upon each respondent not represented by counsel.

The trial examiners' reports is not a report or finding of the Commission. Such report is advisory only and is not binding upon the Commission.

RULE XXI. EXCEPTIONS

Attorneys or other persons served with a copy of the report of the trial examiner, within ten (10) days after receipt of such copy of report, file, in writing, their exception, if any, to the report.

They shall specify the particular part of the report to which exception is made, and the receipt

of brief on behalf of respondent.

Number.--Twenty (20) copies of each brief shall be filed.

Contents.--Briefs, except the reply brief in support of the complaint, shall contain, in the following order:

(a) A concise abstract or statement of the case.

(b) A brief of the argument, exhibiting a clear statements of the points of fact or law to be discussed, with references to the pages of the record and the authorities relied upon in support of each point.

(c) The exceptions, if any, to the report of the trial examiner.

Index.-- Briefs comprising more than ten (10) pages shall contain on their top fly leaves a subject index with page references. The subject index shall be supplemented by an alphabetical

Reply briefs.--Reply brief in support of the complaint shall be filed only with permission of the Commission, and shall be strictly in answer to brief on behalf of respondent.

No further reply brief on behalf of respondent shall be filed.

Form.--Briefs shall be printed, multigraphed, or otherwise neatly processed on good unglazed white paper in type not smaller than ten (10) point double leaded, citations and quotations single leaded; footnotes not less than eight (8) point leaded. Type page shall not be more than twenty-nine: (29) picas wide by approximately forty-eight (48) picas deep and trimmed page shall be seven (7) inches by ten (10) inches, with an inside margin of not less than one (1) inch.

RULE XXIV. ORAL ARGUMENTS

Oral arguments before the Commission shall be had as ordered, on written application of the chief trial counsel of the Commission, or of the respondent, or of attorney for respondent, filed within fifteen (15) days after filing of brief on behalf of respondent.

Appearance of additional counsel in a case will not constitute grounds for enlarging time for oral argument.

RULE XXV. REPORTS SHOWING COMPLIANCE WITH ORDERS AND WITH STIPULATIONS

In every case where an order to cease and desist is issued by the Commission for the purpose of preventing violations of law and in every instance where the Commission approves and accepts a stipulation in which a party agrees to cease and desist from the unlawful methods, acts, or practices involved, the respondents named in such orders and the parties so stipulating shall file with the Commission, within sixty days of the service of such order and within sixty days of the approval of such stipulation, a report, in writing, setting forth in detail the manner and form in which they have complied with said order or with said stipulation; provided, however, that if within the said sixty (60) day period respondent shall file petition for review in a circuit court of appeals, the time for filing report of compliance will begin to run *de novo* from the final judicial determination; and provided further, that where the order prevents the use of a false advertisement of a food, drug, device, or cosmetic, which may be injurious to health because of results from such use under the conditions prescribed in the advertisement, or under such conditions as are customary or usual, or if the use of such advertisement is with intent to defraud or mislead, an interim report stating whether and how respondents intend to comply shall be filed within ten days.

Within its sound discretion, the Commission require any respondent upon whom such order has been served may and any party entering into such stipulation, to file with the Commission, from time to time thereafter, further reports in writing, setting forth in detail the manner and form in which they are complying with said order or with said stipulation.

~~Reports~~ of compliance shall be signed in ink by respondents or by the parties TD88 0 Ttuc 0.03 s76 0 TD 0

conditions of fact or of law have so changed since the said order was made as to require, or that the public interest requires, the reopening of such proceeding, the Commission will issue an order for the reopening of the same.

RULE XXVII. TRADE PRACTICE CONFERENCE PROCEDURE

(a) *Purpose.*--The trade practice conference procedure has for its purpose the establishment, by the Commission, of trade practice rules in the interest of industry and the purchasing public. This procedure affords opportunity for

voluntary participation by industry groups or other interested parties in the formulation of rules to provide for elimination or prevention of unfair methods of competition, unfair or deceptive acts or practices and other illegal trade practices. They may also include provisions to foster and promote fair competitive conditions and to establish standards of ethical business practices in harmony with public policy. No provision or rule, however, may be approved by the Commission which sanctions a practice contrary to law or which may aid or abet a practice contrary to law.

(b) *When authorized.*--Trade practice conference proceedings may be authorized by the Commission upon its own motion or upon application therefor whenever such proceedings appear to the Commission to be in the interest of the public. In authorizing proceedings, the Commission may consider whether such proceedings appear to have possibilities (1) of constructively advancing the best interests of industry on sound competitive principles in consonance with public policy, or (2) of bringing about more adequate or equitable observance of laws under which the Commission has jurisdiction, or (3) of otherwise protecting or advancing the public interest.

(c) *Application.*--Application for a trade practice conference may be filed with the Commission by any interested person, party or group. Such application shall be in writing and known to the applicant or the duly authorized representative of the applicant or group desiring such conference. The following information, to the extent known to the applicant, shall be furnished to the Commission:

objections and to appear and be heard at a designated time and place.

(g) *Promulgation of rules.*--When trade practice rules shall have been finally approved and received by the Commission, they shall be promulgated by official order of the Commission and published, pursuant to law, in the Federal Register. Said rules shall become operative thirty (30) days from date of promulgation or at such other time as may be specified by the Commission. Copies of the final rules shall be made available at the office of the Commission. Under the procedure of the Commission a copy of

the trade practice rules as promulgated by the Commission is sent to each member of the industry whose name and address is available, together with an acceptance form providing Opportunity to such member to signify his intention to observe the rules in the conduct of his business.

(h) *Violations.*--Complaints as to the use, by any person, corporation or other organization, of any act, practice or method inhibited by the rules may be made to the Commission by any person having information thereof. Such complaints, if warranted by the facts and the law, will receive the attention of the Commission in accordance with the law. In addition, the Commission may act upon its own motion in proceeding against the use of any act, practice or method contrary to law.

in agricultural income; the increases or decreases in the

also Bakeries, Flour Milling and Food Investigation.)

Calcium Arsenate.--This inquiry was made pursuant to Senate Resolution No. 417, Sixty-seventh Congress, fourth session, adopted January 23, 1923. It appeared that the cause of such prices was the sudden increase in demand rather than any restraints of trade. The report, *Calcium Arsenate Industry*, was submitted to the Senate March 3, 1923, and printed as Senate Document No.345, Sixty-seventh Congress, fourth session (21 pages).

Cement Industry.--In response to Senate Resolution No.448, Seventy-first Congress, third session, adopted February 16, 1931, the Commission investigated competitive conditions and distributing processes in the cement industry to determine the

Chains, April 18, 1932, Senate Document No.82, Seventy-second Congress, 5, first session (28 pages).
Seventy

Growth and Development of Chain Stores, June 11, 1932, Senate Document No. 100, Seventy-second Congress, first session (81 pages) .

Chain-Store Private Brands, September 26, 1932, Senate Document No.142,

(75 pages).

Chain-Store Manufacturing, April

1933, Senate Document No.13,

third Congress, first session (129 pages).

Sales, Costs, and Profits of Retail Chains, April 22, 1933, Senate Document No. 40, Seventy-third Congress, first session (120 pages) .

¹ The Commission published *Chain Store System of Marketing and Distribution* (Progress Report), May 12.1930, printed as Senate Document No.146, Seventy-first Congress, second session (6 pages).

Prices and Margins of Chain and Independent Distributors, Washington, D. C.--Grocery, May 15, 1933, Senate Document No 62 Seventy-third Congress, first session (98 pages).

Prices and Margins of Chain and Independent Distributors Memphis--Grocery, June 8, 1933, Senate Document No. 69 Seventy third Congress, first session (44 pages).

Prices and Margins of Chain. and Independent Distributors, Detroit--Grocery, June 22, 1933, Senate Document No.81, Seventy-third Congress, second session (42 pages).

Prices and Marins of Chain and Independent Distributors, Cincinnati--Grocery, November 12, 1933, Senate Document No. 88, Seventy-third Congress, second session (50 pages).

Prices and Margins of Chain and Independent Distributors, Cincinnati Drug, December 30, 1933, Senate Document No. 95, Seventy-third Congress, (43 pages).

Prices and Margins of chain and Independent Distributors, Detroit--Drug, December 30, 1933. Senate Document No. 96, Seventy-third Congress, second session (51 pages).

Prices and Margins of Chains and In-

third Congress, second session (89 pages).

Chain-Store Price Policies, October 20, 1933, Senate Document No. 85. Seventy-third Congress, second session (146 pages).

Special Discounts and Allowances to Chain and Independent Distributors--

Tobacco Trade, October 26, 1933 Senate Document No. 80, Seventy third Congress, second session (118 pages).

Special Discounts and Allowances to Chain and Independent Distributors Grocery Trade, November 14 1933

Senate Document No.89, Seventy third Congress, second session (44 pages).

Special Discounts and Allowances to Chain and Independent Distributors

Drug Trade, November 24, 1933, Senate Document No 94 Seventy-third Congress, second session (98 pages).

Invested Capital and Rates of Return of Retail Chains, October 29, 1933, Senate Document No 87, Seventy-third second session Congress, second session (142 pages).

Service Features in Chain Stores, November 20, 1933, Senate Document No. 91, Seventy-third Congress, second session (67 pages).

The Chain Store in the Small Town, November 22, 1933, Senate Document No.

printed as a Commission publication and as Senate Document No.50, Sixty-fifth Congress, first session (420 pages, out of print) ; and the summary, under the title *Anthracite and Bituminous Coal Situation*, dated June 19, 1917, was printed separately as House Document No. 193, Sixty-fifth Congress, first session (29 pages, out of print).

Coal, Anthracite.--This inquiry, made on motion of the Commission, dealt 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 discussed also the development of the

INVESTIGATIONS BY THE COMMISSION, 1915-40 SIO0m, 1915-40

2, (revised costs--Second Quarter of 1920), December 6, 1920. (All out of print.)

Coal--Retail Situation.--An inquiry was made on motion of the Commission into the retail coal situation in Washington, D. C. A release was issued August 11, 1917, entitled *Washington, D. C., Retail Coal Situation* (5 pages, processed, out of print).

Commercial Bribery.--An inquiry made on motion of the Commission into the prevalence of bribery of employees of customers as a method of obtaining trade was described in a Special Report on Commercial Bribery, dated May 15, 1918, and printed as House Document No. 1107 Sixty-fifth Congress, second session (3 pages, out of print) . The report contained recommendations for legislation striking at this practice. On August 22, 1918, a

letter from the Commission to Senator Duncan U. Fletcher, of Florida, in the nature of a report, discussed this subject and was printed under the title *Commercial Bribery*, as Senate Document (unnumbered), Sixty-fifth Congress, second session (36 pages, out of print). On March 18, 1920, the Commission submitted to the Senate a report entitled *Commercial Bribery*, which was printed as Senate Document No.258, Sixty-sixth Congress, second session (7 pages, out of print).

Cooperation in American Export Trade.--See Foreign Trade--Cooperation in American Export Trade.

Cooperation in Foreign Countries.--This Investigation, initiated on motion of the Commission, involved inquiries made by the Commission regarding the cooperative movement in 15 European countries. The report, *Cooperation in Foreign Countries*, containing recommendations for further development of cooperation in the United States, was submitted to the Senate November 29, 1924, and printed as Senate Document No.171, Sixty-eighth Congress, second session (202 pages, out of print).

Cooperative Marketing.--This inquiry was made pursuant to Senate Resolution No. 34, Sixty-ninth Congress, special session, adopted March 17, 1925. It covered the development of the cooperative movement in the United States and illegal interferences with the formation operation of cooperatives. The report included a study of comparative costs, prices, and marketing practices as between cooperative marketing organizations and other types of marketers and distributors handling farm products. Entitled *Cooperative Marketing*, the report was submitted to the Senate April 30, 1928, and printed as Senate Document No.95, Seventieth Congress, first session (721 pages, out of print).

Copper.--This inquiry was a part of the wartime work done at the direction of President Wilson. One of the first products for which the Government established a definite maximum price during the World War was copper. The information upon which the price was fixed was primarily the cost findings of the Federal Trade Commission, and a summary of this cost information was printed in *Cost Reports of the Federal Trade Commission--Copper* (26 pages, issued June 30, 1919). (See also War-time Cost Finding.)

Corporation Reports.--A Commission resolution adopted December 12, 1939, authorized the periodic collection of annual or special reports of corporations engaged in interstate commerce except banks and common carriers, in accordance with the Commission's powers conferred by Section 6 of the Federal Trade Commission Act. The first reports appeared in summary form in October 1940 under the titles *Financial Statistics for Six Corporations Manufacturing Cigarettes and Other Tobacco Products*, *Aircraft Manufacturing Corporations--Financial Statistics for Nine Corporations*, *Bread and Bakery Products Manufacturing Corporations--Financial Statistics for Seven Corporations*, and *Lead and Zinc Producing and Manufacturing Corporations--Financial Statistics for Six Corporations*. Additional summaries for other industries were to follow.

Cost of Living.--At the outbreak of the World War, the rapid rise of prices led the Commission, at the direction of President Wilson, to call a conference on April 30, 1917, to which official delegates of the various States were invited. The proceedings, entitled *The High Cost of Living*, were subsequently printed (119 pages, out of print).

Cost of Living.--This inquiry was made upon the request of President Roosevelt as contained in a published letter dated November 16, 1937, and a confidential report was submitted to him a few months thereafter. A resolution of the Commission, concerning its undertaking of the investigations, was adopted November 20, 1937.

Cotton Merchandising.--This inquiry was made pursuant to Senate Resolution No. 252,

Sixty-eighth Congress, first session, adopted June 7, 1924. The report discussed abuses in handling consigned cotton and made recommendations designed to correct or alleviate existing conditions. The report, *Cotton Merchandising Practices*, was submitted to the Senate January 20, 1925, and printed, as Senate Document No.194, Sixty-eighth Congress, second session (38 pages).

Cottonseed Industry.--An inquiry was made pursuant to House Resolution No.439, Sixty-ninth Congress, second session, adopted March 2, 1927. Alleged fixing of the 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 in violation of the antitrust laws by those engaged in crushing or refining cottonseed. One

of the main causes of dissatisfaction to both the producer of cottonseed and those engaged in its purchase and manufacture was found to have been a lack of a uniform system of grading. The report, *Cottonseed Industry*, was submitted to the House March 5, 1928, and printed as House Document No.193, Seventieth Congress, first session (37 pages) .

Cottonseed Industry.--An inquiry was made pursuant to Senate Resolution No. 136, Seventy-first Congress, first session, adopted October 21, 1929, and Senate Resolution 147, Seventy-first Congress, first session, adopted November 2, 1929. These resolutions instructed the Commission to investigate practices of corporations operating cottonseed-oil mills to determine the existence of unlawful combinations seeking to lower and fix prices of cottonseed, and seeking to sell cottonseed meal at a fixed price under boycott threat. The Commission was also directed to determine whether such corporations were acquiring control of cotton gins for the purpose of destroying competitive markets as well as for depressing or controlling prices paid to seed producers. The final report (207 pages) was submitted to the Senate on May 19, 1933. Thus report and twelve volumes covering hearings during the course of the investigation were printed as Senate Document No. 209, Seventy-first Congress, second session, under the general title, *Investigation of Cottonseed Industry*. A preliminary report dated February 28, 1930, was printed as Senate Document No.91, Seventy-first Congress, second session (4 pages, out of print).

Cotton Trade.--An inquiry was made pursuant to Senate Resolution No. 262, Sixty-seventh Congress, second session, adopted March 29, 1922. A preliminary report, *Cotton Trade*, discussed especially the causes of the decline in cotton prices during the period 1920-22. The report was submitted to Congress February 26, 1923, and printed as Senate Document No.311, Sixty-seventh Congress, fourth session (28 pages, out of print).

Cotton Trade.--An inquiry made pursuant to Senate Resolution No. 429, Sixty-seventh Congress, fourth session, adopted January 31, 1923, was combined with the cotton trade inquiry mentioned above. The Commission recommended that Congress enact legislation providing for some form of southern warehouse delivery on New York contracts, and as part of such 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. On June 28, 1924, the special warehouse committee of the New York Cotton Exchange adopted the Commission's recommendations with reference to the southern delivery on New York contracts, including the contiguous grade contract. The report, entitled *The Cotton Trade*, contained, respectively the report and the transcript of hearings. It was submitted to the Senate April 28, 1924, and printed in 2 volumes as Senate Document No. 100, Sixty-eighth Congress, first session Part I (280 pages), and Part II (230 pages) (both out of print).

Du Pont Investments.--This inquiry was made on motion of the Commission of July 29, 1927. The reported acquisitions of E. I. du Pont de Nemours & Co., or the stock of the United States Steel Corporation, together with previously reported holdings in General Motors Corporation, caused an inquiry into these relations with a view to ascertaining the facts and their probable economic consequences. The *Report of the Federal Trade Commission on Du Pont Investments* (43 pages), together with views of Commissioner William E. Humphrey on the resolution and on the report (3 pages), were issued February 1, 1929, in processed form.

Electric and Gas Utilities.--See Electric Power below, Interstate Power Transmission, and Utility Corporations.

Electric Power--This inquiry, made pursuant to Senate Resolution No.329, Sixty-eighth

Congress, second session, adopted February 9, 1925, resulted in two reports on the control of the electric-power industry. The first dealt with the organization, control, and ownership of commercial electric-power companies, and showed, incidentally, the dangerous degrees to which pyramiding had been practiced 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. in the field of electrical equipment was shown. These reports were submitted to the Senate February 21, 1927,

and January 12, 1928. *Electric Power Industry--Control of Power Companies* was printed as

disadvantages of the miller and consumer arising from an excessive and confusing variety in the sizes of flour packages. The report, *Wheat Flour Milling Industry*, was submitted to the Senate May 16, 1924, and printed as Senate Document No. 130, Sixty-eighth Congress, first session (130 pages, out of print). (See also Bakeries, Bread and Food Investigation.)

Food Investigation.--This inquiry was made pursuant to an order of President Wilson dated February 7, 1917. The general food investigation, undertaken with a special appropriation of Congress, resulted in two major series of reports concerning meat packing and the grain trade, both described elsewhere in this list. In addition separate inquiries were made into flour-milling, canned vege-

tables and fruits, and canned salmon. (See Food Investigation paragraphs below.)

Food Investigation--Flour Milling.--This inquiry was begun pursuant to the order of President Wilson dated February 7, 1917, but was continued as a separate inquiry. The report, *Commercial Wheat Flour Milling*, was submitted to Congress September 15, 1920, and printed (118 pages, out of print). (See also Bakeries, Bread, and Flour Milling.)

Food Investigation--Flour Milling and Jobbing.--In connection with the food Inquiry ordered by President Wilson as of February 7, 1917, the Commission on April 4, 1918, submitted a report entitled *Food Investigation, Report of the Federal Trade Commission on Flour Milling and Jobbing* (27 pages, out of print). (See also Bakeries, Bread, and Flour Milling.)

Food Investigation--Food Canning.--As a part of the general food investigation ordered by President Wilson in 1917, the Commission made a study of canned foods, and published two reports, one submitted to the President, May 18, 1918, and entitled *Food Investigation, Report of the Federal Trade Commission on Canned Foods. General Report and Canned Vegetables and Fruits* (103 pages, out of print), and the other submitted December 27, 1918, entitled *Food Investigation, Report of the Federal Trade Commission on Canned Foods. Canned Salmon* (83 pages). Also, the Commission, in connection with its general wartime cost finding activity, obtained a large amount of cost data for use of the War and Navy Departments, including data on canned foods. A volume was published November 21, 1921, in accordance with section 6 (f) of the Federal Trade Commission Act, entitled *Report of the Federal Trade Commission on Canned Foods, 1918. Corn, Peas, String Beans, Tomatoes, and Salmon* (86 pages). (See also Wartime Cost Finding.)

Food Investigation--Grain Elevators.--In connection with the inquiry into the grain trade ordered by President Wilson in October 1920, as described under Grain-Wheat Prices, the Commission, in a letter dated June 13, 1921, submitted to the Senate, on its own motion, in accordance with section 6 of the Federal Trade Commission Act, its report, *Profits of Country and Terminal Grain Elevators, a Preliminary Report*. This was printed as Senate Document No. 40, Sixty-seventh Congress, first session (12 pages, out of print). See also Grain Exporters and Grain-Wheat Prices.

Evidence was obtained of a combination among meat packers and of various unfair methods of competition.

Consent Decree.) Six reports were issued as a result of this inquiry, the sixth having been prepared by the

more effective organizations. The Webb-Pomerene Act authorizing the association of manufacturers for export trade was enacted as a direct result of the recommendations embodied in the report. The report, submitted to Congress June 30, 1916, was printed under the general title *Cooperation in American Export Trade*, in two volumes: *Part I. Summary and Report* (387 pages), *Part II. Exhibits* (597 pages) (both out of print). . The summary was submitted May 2, 1916, and printed as Senate Document No. 426, Sixty-fourth Congress, first session (7 pages, out of print) -The concluding chapter was printed separately by the Commission in 1916 (14 pages, out of print).

Foreign Trade--Cotton Growing Corporation.--This inquiry was made pursuant to Senate Resolution No.317, Sixty-eighth Congress, second session, adopted January 27, 1925, and concerned the development, methods, and activities of the Empire Cotton Growing Corporation, a British company. The report discussed world cotton production and consumption and concluded that there was then little danger of serious competition to the American cotton grower and that it would be many years before there would be a a

abnormal market conditions, including certain arbitrary methods pursued by the grain-purchasing departments of foreign governments. The resulting *Report of the Federal Trade Commission on Wheat Prices for the 1920 Crop* (91 pages), was submitted to the President December 13, 1920. (See Food Investigation: Grain Elevators and Grain Trade.)

Guarantee Against Price Decline.--The Com was See Food I9 () Tj 3 0 Tract0.0143 31ulting

Lumber--Costs.--The wartime examination of lumber costs authorized by President Wilson as of July 25, 1917, resulted in an accumulation of information which led the Commission to compile certain reports among which was the *Report of the Federal Trade Commission on War-Time Costs and Profits of Southern Pine Lumber Companies*, submitted to Congress May 1, 1922, and printed (94 pages). (See also War-Time Cost Finding.).

Lumber Trade Associations.--Pursuant to request of the Attorney General dated September 4, 1919, an extensive survey was made of lumber manufacturers' associations throughout the United States. The information obtained was presented in a series of published reports revealing the activities amid attitude of lumber manufacturers toward national legislation, amendments to the rev-

enue 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. The report was printed entitled *Report of the Federal Trade Commission on Lumber Manufacturers' Trade Associations, Incorporating Reports of January 10, 1921* (Preliminary Survey of Lumber Manufacturers' National and Regional Trade Associations); *February 18, 1921* (Southern Pine Association of New Orleans, La.) ; *June 9, 1921* (Douglas Fir Lumber Manufacturers' and Loggers' Associations) ; and *February 15, 1922* (Western Pine Manufacturers' Association of Portland Oreg.) (150 pages, out of print). On May 7, 1923, a further report was submitted to Congress, entitled *Report of the Federal Trade Commission on Northern Hemlock and Hardwood Manufacturers' Association* (52 pages). Further information on these associations was developed in connection with the inquiry into open price associations. (See Open Price Associations.) On January 24, 1923, a report was submitted on three additional associations, entitled *Activities of Trade Associations and Manufacturers of Posts and Poles in the Rocky Mountain and Mississippi Valley Territory* (22 pages, out of print). The three associations were: Western Red Cedar Association, Lifetime Post Association, and Western Red Cedar Men's Information Bureau. This report was printed as Senate Document No. 293, Sixty-seventh Congress, fourth session, and as a Commission publication entitled *Western Red Cedar Association* (22 pages).

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 (see next paragraph above) , was conducted on motion of the Commission in conjunction with the inquiry into open-price associations. (See Open-Price Associations.) The report on the lumber trade associations comprises chapter VIII of *Open-Price Trade Associations*, submitted to the Senate February 13, 1929, and printed as Senate Document No. 226, Seventieth Congress, second session (516 pages).

Meat-Packing Profit Limitations.--This inquiry was made pursuant to Senate Resolution No. 177, Sixty-sixth Congress, first session, adopted September 3, 1919, and had to do with the system of wartime control established by the United States Food Administration. Certain changes were recommended by the Commission, including more complete control of the business and lower maximum profits. The report, *Maximum Profit Limitation on Meat-Packing Industry*, was submitted to the Senate August 24, 1919, and subsequently published as Senate Document No. 411, Sixty-sixth Congress, first session, August 24, 1919.

system

Distribution of Milk and Milk Products, Connecticut and

June 13, 1936, and printed as House Document No. 506, Seventy-fourth Congress, second session (71 pages); *New York Milk Sales Area*, submitted September 30, 1936, and printed as House Document No.95, Seventy-fifth Congress, first session (138 pages, out of print); and *Summary Report on Conditions with Respect to the Sale and Distribution of Milk and Dairy Products*, submitted January 4, 1937, and printed as House Document No. 94, Seventy-fifth Congress, first session (39 pages).

Millinery Industry.--President Roosevelt requested that an investigation be made of distribution methods in the millinery industry. Among the factors assigned for investigation was the growth and development of syndicates or organizations operating a number of units for the retail distribution of millinery, the units consisting of leased millinery departments in department stores or specialty stores. The *Report to the President of the United States on Distribution Methods in the Millinery Industry* was issued November 21, 1939, and processed as a Commission publication (65 pages).

Motor--Vehicle Industry.--In response to Public Resolution No.87, Seventy-fifth Congress, third session, approved by the President on April 13, 1938, the Commission investigated "the policies employed by manufacturers in distributing: motor vehicles, accessories, and parts, and the policies of dealers in selling motor vehicles at retail, as these policies affect the public interest" ; the extent of concentration of control and of monopoly, and the extent, if any, to which fraudulent practices were employed, or the Federal antitrust laws violated. The report, *Motor Vehicle Industry*, was submitted to Congress June 5, 1939, and printed as House Document No.468, Seventy-sixth Congress, first session (1,077 pages). The summary chapter, *Motor Vehicle industry, Summary and Conclusions*, was processed for distribution (24 pages).

National Wealth and Income.--This inquiry was made pursuant to Senate-Resolution No. 451, Sixty-seventh Congress, fourth session, adopted February 28, 1923, calling for a comprehensive inquiry into national wealth and income, and specially indicating for investigation the problem of tax exemption and the increase in Federal and State taxes (for reference to

print) (See also Food Investigation-Meat Packing and Meat-Packing Profit Limitations.)

Paper--Book.--This Inquiry, made pursuant to Senate Resolution No. 269, Sixty-fourth Congress, first session, adopted September 7, 1916, was begun that year, shortly following the newsprint inquiry. (See below.) It had a similar origin and it disclosed similar restraints of trade, resulting in proceedings by the Commission against the manufacturers involved therein to prevent enhancement of prices. The Commission also recommended legislative action to repress restraints of trade by certain associations. Reports were submitted to the Senate June 13, 1917, and August 21, 1917, entitled, respectively, *Book Paper Industry--A Preliminary Report*, Senate Document No. 45, Sixty-fifth

Congress, first session (11 pages out of print.) , and *Book Paper Industry--A Final Report*, printed as Senate Document No. 79, Sixty-fifth Congress, first session (125 pages).

Paper--Newsprint.--This inquiry, made pursuant to Senate Resolution No. 177, Sixty-fourth Congress, first session, adopted April 24, 1916, resulted from a sharp advance in prices of newsprint. The reports of the Commission showed that these high prices had been partly the result of certain newsprint association activities which were in restraint of trade. Through the aid 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. A letter to the Senate from the Commission entitled *Newsprint Paper Industry*, submitted March 3, 1917, was printed as Senate Document No. 3, Sixty-fifth Congress, special session (12 pages out of print). The *Report of the Federal Trade Commission on the Newsprint Paper Industry*, was submitted to the Senate June 13, 1917, and printed as Senate Document No. 49, Sixty-fifth Congress, first session (162 pages). Following this inquiry the Commission established a system of monthly reporting of current figures dealing with production, stocks, sales, and the like, which was continued for several years. On July 10, 1917, an additional brief report was submitted to the Senate pursuant to Senate Resolution No. 95, Sixty-fifth Congress, first session, entitled

submitted its report to the Attorney General on April 2, 1937. (See Gasoline and three subsequent paragraphs.)

Petroleum--Foreign Ownership.--This inquiry was made pursuant to Senate Resolution No.311, Sixty-seventh Congress, second session, adopted June 29, 1922. The acquisition of extensive oil adopted

pages, out of print).

Petroleum--Wyoming and Montana.--This Inquiry, made on motion of the Commission, resulted in a special report directing the attention of Congress to conditions existing In the petroleum trade In Wyoming and Montana. Remedial

Price Bases.--This inquiry was made on motion of the Commission of July 27, 1927, for the purposes of studying methods in use to compute delivered prices on industrial products and of determining what actual and potential influences such methods might have on competitive markets and price levels. The study also included factors which determined the methods used. This survey extended to more than 3,500 reporting manufacturers representing practically every industrial segment. Inquiry into conditions in the cement industry revealed that the basing-point system contributed to imperfect price competition and tended to establish an unhealthy uniformity of delivered prices from the competitive standpoint together with a lack of price flexibility over variable periods of time. Cross-haul or cross-freighting was found to be one of the cement industry's economic evils and to be generally profitable to the industry.

Sixty-sixth Congress, first session (3 pages, out of print).

Resale Price Maintenance.--This inquiry was made on motion of the Commission of July 25, 1927. The study was

trade organizations interested in the extension and enforcement of minimum resale price maintenance contracts, and the effects of the operation of such contracts upon consumer prices and upon the sales volumes of commodities in both the price maintained and non-price maintained categories. This study had not been completed at the close of the fiscal year of 1939-40.

Salaries inquiry.--This inquiry was was year effects of contracts

Steel Code as Amended.--This inquiry was made pursuant to Executive Order of President Roosevelt dated May 30, 1934. This order directed the Commission and the National Recovery Administration to undertake a joint study of the effect of the multiple basing-point system under the amended steel code, particularly within the realm of the system's influence on prices to consumers, effects of the system in either permitting or encouraging price fixing, or "providing unfair competitive advantages for producers, or disadvantages for consumers not based on natural causes." The order called for "recommendations for revisions of the code." The *Report of the Federal Trade Commission to the President*

sions eliminating provisions giving sanction to the multiple basing-point system, provisions in aid of price fixing and those relating to regulation of production and new capacity. It found that the multiple basing-point system not only permitted and encouraged price fixing but that it was price fixing. It found also that the system did provide unfair competitive advantages for producers and disadvantages for consumers not based on natural causes.

As of March 15, 1935, there was published in processed form the *Summary of Report of the Federal Trade Commission to the President * * * In re: Iron and Steel Industry's Basing Point System* (9 pages, out of print). On the same day the National Recovery Administration published its *Summary of the Report of the National Industrial Recovery Board to the President on the Operation of the Basing Point System in the Iron and Steel Industry* (7 pages, processed, paeIi306 Tw (not obtainable from the Federal Trade Commission) 0t03 0.03 Tw () Tj 2.76 0 TD -0.ot () 1w (not o

these abuses. The *Report of the Federal Trade Commission on Sugar Supply and Prices* was submitted to the House, November 15, 1920, and printed (205 pages).

Sugar Beet.--This inquiry was initiated by the Commissioner of Corporations at the direction of the Secretary of Commerce, but was completed by the Federal Trade Commission. It deals with the cost of growing beets and the cost of beet-sugar manufacture. The *Report on The Beet Sugar Industry in the United States* was submitted to Congress, ~~March 1921~~ ^{July 1921} TD 0Tc 0Rport

February 28, 1923. The resolution was directed chiefly to a study of national wealth and income. A separate report, *Taxation and Tax-Exempt Income*, was submitted to the Senate on June 6, 1924, and printed as Senate Document No. 148, Sixty-eighth Congress, first session (144 pages, out of print). (See National Wealth and Income.)

Temporary National Economic Committee.--For titles of studies made by the Federal Trade Commission for the Temporary National Economic Committee, see p.6.

Textiles--Combed Cotton Yarns.--This inquiry was made pursuant to House Resolution No. 451, Sixty-sixth Congress, second session, adopted April 5, 1920. The Commission was called upon to investigate the high prices of combed cotton yarn. The inquiry disclosed that there had been an unusual advance in price and that the profits in the industry had been extraordinarily large for several years, but at the end of 1920 the prices of combed yarns, like other cotton textile products, showed a sharp decline. The *Report of the Federal Trade Commission on Combed Cotton Yarns* was submitted to the House April 14, 1921, and printed (94 pages).

Textile Industry.--This inquiry was directed by an Executive order of President Roosevelt dated September 26, 1934, instructing the Commission to inquire into the industry's labor costs, profits, and investment structure to determine whether increased wages and reduced working hours could be sustained under prevailing economic conditions. The order also established the Textile Labor Relations Board and directed the Department of Labor to report on actual hours of employment in the industry, employees' earnings, and general working conditions. Conditions prevailing in the 20 months preceding the 1934 textile strike were first studied. These were divided into three 6-month periods and a 2-month period--January-June 1933, before National Recovery Administration codes became effective; July-December 1933, covering their effective dates; January-June 1934, while codes were functioning; and July-August 1934, the 60-day period prior to the strike. Due to the desirability of an early report, essential information was obtained by means of a comprehensive schedule, subscribed to under oath and forwarded to approximately 2,600 textile manufacturing companies. Material for immediate comparable results was transmitted by 765 concerns having an aggregate investment of almost \$1,200,000,000. The following reports were printed, except where hereinafter designated as processed:

Report of the Federal Trade Commission on Textile Industries.--Part I. Investment and Profit, December 31, 1934 (26 pages); Part II. The Cotton and Textile Industry, March 8, 1935 (34 pages); Part III. The Woolen and Worsted Textile Industry, January 1935 (21 pages); Part IV. The Silk and Rayon Textile Industry, February 1935 (37 pages); Part V. Thread, Cordage, and Twine Industries, February 18, 1935 (14 pages), and Part VI. Tabulations Showing Financial and Operating Results for Textile Companies According to Rates of Return on Investment, Rates of Net Profit or Loss on Sales, and Amount of Investment (Six-Month Periods from January 1, 1933, to June 30, 1934, and for July-August 1934) (24 tables), June 20, 1935. (Processed, out of print.)

Report of the Federal Trade Commission on the Textile Industries in 1933 and 1934.--Part I. The Cotton Textile Industry, August 1, 1935 (34 pages); Part II. The Woolen and Worsted Textile Industry, September 25, 1935 (30 pages, processed); Part III. The Silk and Rayon Textile Industry, November 29, 1935 (44 pages, processed); Part IV. Thread, Cordage, and Twine Industries, December 5, 1935 (21 pages, processed); Cotton Weaving Companies Grouped by Types of Woven Goods Manufactured During 1933 and 1934, March 24, 1936 (46 tables, processed, out of print), and Cotton Spinning Companies Grouped by Types of Yarn Manufactured (during 1933 and 1934, January 31, 1936 (18 tables, processed, out of print).

Textile Industries in the First Half of 1936.--Part I. The Cotton Textile Industry, Including Thread, Cordage, and Twine, January 21, 1937 (74 pages processed); Part II. The Woolen and Worsted Textile Industry, January 29, 1937 (47 pages, processed), and Part III. The Silk and Bayon Textile Industry, February 11, 1937 (42 pages, processed).

Textiles--Woolen Rag Trade.--This report was published on motion of the Commission, and contains certain information gathered during the war, at the request of the War Industries Board, for its use in regulating the prices of woolen rags used for making clothing. The *Report on the Woolen Rag Trade* was submitted to Congress, June 80, 1919 and printed (90 pages).

Tobacco.--This inquiry was made pursuant to Senate Resolution No. 329, Sixty-eighth Congress, second session, adopted February 9, 1925. The report on the 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, *The American Tobacco Co. and the Imperial Tobacco Co.*, was submitted December 23, 1925, to the President, who sent it to the Senate. It was printed as Senate Document No. 34, Sixty-ninth Congress, First session (129 pages, out of print).

Tobacco Marketing--Leaf.--This inquiry, made on motion of the Commission in 1929, was instituted upon complaint of representative groups of

their purchasing of tobacco under any but their own names, as made In the report of December 11, 1920 (see next paragraph above). The report, *Prices of Tobacco Products*, was submitted to the Senate, January 17, 1922, and printed as a Commission document and as Senate Document No. 121, Sixty-seventh Congress, second session (109 pages, out of print).

Trade and Tariffs in South America.--This inquiry, directed by President Wilson as of July 22, 1915, was an outgrowth of the First Pan American Financial Conference which met In Washington, May 24-29, 1915. The immediate purpose

of the inquiry was to furnish the American branch of the International High Commission, appointed as a result of this financial conference, with information to assist in the deliberations of that commission. Customs administration and related matters, including tariff policy, were discussed In the *Report on Trade and Tariffs in Brazil, Uruguay, Argentina, Chile, Bolivia, and Peru* which was submitted to the the

Pipe-Line, and Utility Industries, with Conclusions and Recommendations, December 31, 1935 (617 pages); No. 84-B, Legal Appendixes to Final Report (No. 84-A * * *, December 31, 1935 (118 pages); No. 84-C, Economic Appendixes to Final Report (No. 84-A) * * *, December 31, 1935 (126 pages), and No. 84-D, General Index to Parts 21 to 84-C, Inclusive, August 12, 1937 (1,360 pages).

A list of the companies investigated and the volume numbers of the reports concerning them is printed in the Commission's annual reports for 1935 and 1936, beginning at pages 21 and 36, respectively. During the investigation, the

Commission's accountants, engineers, and economists examined 29 holding companies having total assets of \$6,108,128,713 ; 70 subholding companies with total assets of \$5,685,463,201, and 278 operating companies with total assets of \$7,245,106,464.

Wartime Cost Finding.--This series of cost inquiries was ordered by President Wilson as of July 25, 1917. The numerous cost investigations made by the Federal Trade Commission during the World War into the coal, steel, lumber, petroleum, cotton-textile, locomotive, leather, canned foods, and copper industries, and scores of other Important industries, on the basis of which prices were fixed by the Food Administration, the War Industries Board, and purchasing departments such as the Army, Navy, Shipping Board, and Railroad Administration, were all done under the President's special direction, and it has been estimated that they helped to save the country many billions of dollars by checking unjustifiable price advances. Lists of most of the reports prepared for this purpose (not printed or otherwise published) are given in the Commission's annual reports for 1918 and 1919. Subsequent to the war a number of reports dealing with costs and profits were published based on these war-time inquiries. (See Coal Reports--Cost of Production, Copper, Food Investigation--Food Canning, Lumber--Costs, and Steel Industry--Costs and Profits.)

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