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## FEDERAL TRADE COMMISSION

CHARLES H. MARCH, *Chairman* 1  
GARLAND S. FERGUSON  
EWIN L. DAVIS  
WILLIAM A. AYRES  
ROBERT E. FREER  
OTIS B. JOHNSON, *Secretary*

### FEDERAL TRADE COMMISSIONERS--1915-41

Name	State from which appointed	Period of service
Joseph E. Davies	Wisconsin	Mar.16, 1915-Mar. 18, 1918.
Edward N. Hurley	Illinois	Mar.16, 1915-Jan. 31, 1917.
William J. Harris	Georgia	Mar.16, 1915-May 31, 1918.
Will H. Parry	Washington	Mar.16, 1915-A p r. 21, 1917.
George Rublee	New Hampshire	Mar.16, 1915-May 14, 1916.
William B. Colver	Minnesota	Mar.16, 1917-Sept. 25, 1920.
John Franklin Fort	New Jersey	Mar. 16, 1917-Nov. 30,1919.
Victor Murdock	Kansas	Sept. 4, 1917-Jan. 31, 1924.
Huston Thompson	Colorado	Jan. 17, 1919-Sept. 25, 1926.
Nelson B. Gaskill	New Jersey	Feb. 1. 1921-Feb. 24, 1925.
John Garland Pollard	Virginia	Mar. 6, 1920-Sept. 25, 1921.
John F. Nugent	Idaho	Jan.15, 1921-Sept. 25, 1927.
Vernon W. Van Fleet	Indiana	June 26, 1922-July 31, 1926.
Charles W. Hunt	Iowa	June 16, 1924-Sept. 25,1932.
William E. Humphrey	Washington	Feb.25, 1925-Oct. 7, 1933.
Abram F. Myers	Iowa	Aug. 2, 1925-Jan. 15, 1929.
Edgar A. McCulloch	Arkansas	Feb.11, 1927-Jan. 23, 1933.
Garland S. Ferguson	North Carolina	Nov.14, 1927,
Charles H. March	Minnesota	Feb. 1, 1929.
Ewin L. Davis	Tennessee	May 26,1933.
Raymond B. Stevens	New Hampshire	June 26, 1933-Sept. 25, 1933,
James M. Landis	Massachusetts	Oct.10, 1933-June 30, 1934.
George C. Mathews	Wisconsin	Oct.27, 1933-June 30,1934.
William A. Ayres	Kansas	Aug. 23,1934.
Robert E. Freer	Ohio	Aug.27, 1935.

### EXECUTIVE OFFICES OF THE COMMISSION

Constitution Avenue at 6th Street, Washington, D. C.

### BRANCH OFFICES

45 Broadway, New York  
433 West Van Buren Street,

55 New Montgomery Street,  
San Francisco

Chicago

801 Federal Building, Seattle

321 Federal Office Building, New Orleans

<sup>1</sup> Chairmanship rotates annually. Commissioner Ayres will become Chairman in January 1943.

II

## LETTER OF SUBMITTAL

*To the Congress of the United States:*

I have the honor to submit herewith the Twenty-Seventh Annual Report of the Federal Trade Commission for the fiscal year ended June 30, 1941.

By direction of the Commission:

CHARLES H. MARCH, *Chairman.*

III.

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ANNUAL REPORT  
OF THE  
FEDERAL TRADE COMMISSION  
FOR THE  
FISCAL YEAR ENDED JUNE 30, 1941

**INTRODUCTION**

**DUTIES OF THE COMMISSION**

The Federal Trade Commission herewith submits its report for the fiscal year July 1, 1940, to June 30, 1941, 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 agency of the Federal Government.

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

Legal activities<sup>1</sup> have to do with (1) prevention and correction of unfair methods of competition and unfair or deceptive acts or practices, in accordance with the Federal Trade Commission Act, in which it is declared that unfair methods of competition and unfair or deceptive acts or practices in commerce are unlawful; (2) administration of section 2 of the Clayton Act, as amended by the Robinson-Patman Act, dealing with price and other discriminations, and sections 3, 7, and 8 of the Clayton Act dealing with tying and exclusive dealing contracts, acquisitions of capital stock, and interlocking directorates, respectively, and (3) administration of the Webb-Pomerene or Export Trade Act, for the promotion of foreign trade by permitting the as91 Tcrt(3) g



provision that such associations are not to be in restraint of trade within the United States. A new statute, The Wool Products Labeling Act, effective July 14, 1941, is also administered by the Commission.

The Commission's general investigations arise chiefly under section 6 (a), (b), and (d) of the Federal Trade Commission Act, giving the Commission 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 \* \* \*, and its relation to other corporations and to individuals, associations, and partnerships.

(b) To require, by general or special orders, corporations engaged in commerce, excepting banks, and common carriers \* \* \* to file with the commission in such form as the commission may prescribe annual or special, or both annual and special, reports or answers in writing to specific questions, furnishing to the commission such information as it may require as to the organization, business, conduct, practices, management, and relation to other corporations, partnerships, and individuals of the respective corporations filing such reports or answers in writing. \* \* \*

\* \* \* \* \*

(d) Upon the direction of the President or either House of Congress<sup>2</sup> to investigate and report the facts relating to any alleged violations of the antitrust Acts by any corporation.

### GENERAL LEGAL ACTIVITIES

Upon authority of the acts which it administers, the Commission, during the fiscal year ended June 30, 1941, continued to direct its efforts to the prevention and elimination of unlawful practices prohibited by those statutes.

*Cases before the Commission.*--The Commission, after preliminary investigation, during the fiscal year disposed of approximately 1,850 matters which were in a preliminary stage, either by docketing as applications for complaints, by progression to the status of formal complaint, by acceptance from the respondents of stipulations to cease and desist from the practices involved, by consolidation with other proceedings, or by closing the matters.

During the year, the commission accepted a total of 532 stipulations to cease and desist various practices, executed by parties against whom informal proceedings had been instituted. Of these, 234 pertained especially to misleading radio and periodical advertising matter.

<sup>2</sup> An investigation under section 6 (d), when requested by Congress, is now undertaken by the Commission as a result of a concurrent resolution of both Houses, in conformity with the Independent Offices Appropriation Act approved June 16, 1933.

The Commission issued 357 complaints against companies, associations, or individuals, alleging various forms of unfair competition or unfair, deceptive, or other unlawful acts or practices, as compared with 331 complaints docketed during the last preceding fiscal year. These included 11 cases of alleged combination to fix and maintain prices, 6 cases of alleged combination and conspiracy in restraint of trade, 219 complaints charging misleading representation in advertisements, labels and otherwise, and 57 complaints alleging violation of the Clayton Act. The Commission entered 348 orders to cease and desist from the use of unfair competition and other law violations which had been alleged in complaints and which were found to have been engaged in by the respondents, as compared with 282 such orders issued during the ~~last~~ preceding advertisements, to

Patman Act and fined another respondent \$500 for violation of a court decree enforcing a Commission order based on the brokerage provision of that act. In two proceedings concerning so-called "style piracy" in women's apparel the Commission's orders were affirmed by the Supreme Court. In a case against a Chicago candy company the Supreme Court, by a 5-to-3 decision, set aside the Commission's order prohibiting the intrastate sale of lottery assortments of candy which injuriously affect interstate commerce.

*Injunctive proceedings.*--The injunction cases in the United States district courts, as above mentioned, were instituted to stop the false advertisement of certain products alleged to be detrimental to public welfare, pending issuance of the Commission's complaints and its final disposition thereof. Under the Federal Trade Commission

sibly misleading representations in advertising were sent to advertisers in 374 cases and to advertising agencies in 19 cases. The Commission accepted from advertisers and other 234 stipulations to cease certain representations in radio and periodical advertising matter.

*Medical advisory service.*--The Commission maintains a Medical Advisory Service consisting of a medical director and two medical assistants, who perform advisory services in matters pertaining to the validity of claims made in cases embracing the advertisement of food, drugs, devices, and cosmetics instituted under the Federal Trade Commission Act.

### **TRADE PRACTICE CONFERENCE PROCEDURE**

The trade practice a d v e r w o r / e 8 c i s i n g m a t t e r .

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*Corporation reports.*--A Commission order entered in May 1940 required approximately 900 corporations to file financial reports covering their 1939 operations and statements of their financial position as at the close of their 1938 and 1939 business years. During the fiscal year, reports on 76 industry groups were prepared covering the combined operations of 780 corporations having total sales aggregating \$24,932,624,668, which amount represented almost 64 percent of the total value of products as reported by the United States Bureau of the Census.

*Distribution cost accounting.*--The Commission investigated the functions of distribution cost accounting and submitted to Congress a report entitled *Case Studies in Distribution Cost Accounting for Manufacturing and Wholesaling*, which has been printed as House Document No.287, Seventy-seventh Congress, first session.

*Distribution methods and costs.*--This inquiry was undertaken to develop information respecting the methods and practices used and the costs incurred in distribution by manufacturers, wholesalers and retailers of numerous types of commodities, with special attention to trade usages, practices, charges, laws and barriers to trade that affect distribution costs. The study was in progress at the close of the fiscal year.

*Resale price maintenance.*--This inquiry developed facts concerning the effects of resale price maintenance on the interests of manufacturers, Wholesalers, retailers, and consumers of price maintained and competing non-price-maintained articles. A report on the investigation was in course of preparation at the close of the fiscal year.

*Furniture prices, costs and profits.*--Shortly prior to the close of the fiscal year, the Commission, at the request of the Administrator of the Office of Price Administration, directed an immediate investigation of recently increased furniture prices, in the interest of the national defense program.

*Mass food distributors* --An inquiry in progress at the close of the fiscal year had as its purpose a comparison of (1) the savings in costs of selling and delivering certain foods in large quantities, particularly when delivered to the buyer's warehouse, and (2) the concessions in price made to the buyer on such sales.

### COMMISSION INVESTIGATIONS, 1915-41

Approximately 115 general

interstate trade and industrial development and have shown the need for, and wisdom of, legislation or other corrective action.

### **NATIONAL DEFENSE ACTIVITIES**

During the first World War the Federal Trade Commission was the cost and fact finding agency of the Government. Approximately 370 investigations of wartime costs, prices, and profits were made, covering such basic commodities as coal, steel and iron, building materials, cotton textiles and others. (See p.221.)

During the present defense emergency, the Commission is being called upon to perform the same relative duties as in 1917-18. Prior to the close of the fiscal year the Commission was called on for accounting assistance for the Office of Production Management, and an accounting inquiry of the house furniture industry was begun for the Office of Price Administration.

Subsequent to the close of the fiscal year additional duties of the Commission in connection with the national defense program included an investigation of price increases in the bread and bakery industries ; the collection and auditing of quarterly and annual reports for a large number of corporations for the Office of Price Administration and other agencies; and an investigation in connection with priorities orders in the steel industry as requested by the Office of Production Management.

The Chairman of the Federal Trade Commission is a member of the Price Administration Committee of the Office of Price Administration, and is the Commission's representative in its continuing relationships with the Economic Defense Board, established by the President, July 30, 1941, under the chairmanship of Vice President Wallace for "developing and coordinating policies, plans, and programs designed to protect and strengthen the international economic relations of the United States in the interest of national defense." The Commission placed its staff of accountants, economists, and statisticians at the disposal of the Economic Defense Board to make studies and investigations required by the Board.

In response to a

## TEMPORARY NATIONAL ECONOMIC COMMITTEE 11

to the Council of National Defense: Inter-Departmental Conference Committee on National Food Resources; Sub-Committee of Inter-Departmental Conference Committee on Planning and Procedure; Fruit and Vegetables Committee ; Tobacco Committee; and Food Distribution Committee.

### **WORK FOR CONGRESSIONAL COMMITTEES**

The various committees of the House and Senate frequently refer bills to the Commission for comment and legal opinion. The opnt(on) Tj 11.0cTn(0 TD ( r 0 Tc ( 3

tive to such plans. The Chief Counsel and Chief Examiner of the Commission explained the functions of the Commission dealing with unlawful restraints of trade. At this meeting the Assistant Attorney General recommended that, at the request of the Attorney General, the Federal Trade Commission or any member, as an aid to the court, be authorized to hear evidence and make findings of fact and conclusions of law in any pending antitrust proceeding.

On March 1, 1941, the Commission presented before the Temporary National Economic Committee the drafts of four bills: (1) amending section 7 of the Clayton Act so as to make acquisition of assets unlawful, as well as stock; (2) providing for the registration of corporations contemplating mergers; (3) relating to trade-barrier legislation which interferes with the flow of commerce between States; and (4) relating to appointment of the Commission by a court as master in chancery in proceedings brought under the antitrust laws by the Attorney General.

The Economic Adviser to the Commission, who was director of the Temporary National Economic Committee studies undertaken by the Commission, presented an analysis and appraisal of the present-day economy, stressing the need for the continuance of the doctrine of free and fair competition and closer regulation of monopolistic practices.

On March 31, 1941, the Temporary National Economic Committee concluded its assignment, after 2 years and 9 months of service.

### **THE COMMISSIONERS AND THEIR DUTIES**

The Federal Trade Commission is composed of five Commissioners appointed by the President and confirmed by the Senate. Not more than three of the Commissioners may belong to the same political party.

The term of office of a Commissioner is 7 years, as provided in the Federal Trade Commission Act. The term of a Commissioner dates from the 26th of September last preceding his appointment (September 26 marking the anniversary of the approval of the act in 1914), except when he succeeds a Commissioner who relinquishes office prior to expiration of his term, in which case, under the act, the new member "shall be appointed only for the unexpired term of the Commissioner whom he shall succeed." Upon the expiration of his term of office, a Commissioner continues to serve until his successor has been appointed and has qualified.

As of June 30, 1941, the Commission was composed of the following members: Charles H. March, Republican, of Minnesota, Chairman; Garland S. Ferguson, Democrat, of North Carolina; Ewin L. Davis, Democrat, of Tennessee; William A. Ayres, Democrat, of



Director of its Radio and Periodical Division, and its Director of Trade Practice Conferences.

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 foreign 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 general investigations at the direction of the President or Congress, or upon application of the Attorney General, or upon its own initiative, as provided in section 6 of the Federal Trade Commission Act, the Chief Examiner supervises such of these investigations as are primarily of a legal nature.

Member5hese are primarily of6 0 3 Tc (the) Tj 13.56 0 TD TD 0c (fj 18.72 0 TD 0 T

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

respects the need or wisdom of new and important legislation, to which they have frequently led, as well as to corrective action by the Department of Justice and private interests affected. The Supreme Court has at times had recourse to them, and many of them have been designated for reading in connection with university and college courses in economics and law.

Findings and orders of the Commission, as published in book form in the *Federal Trade Commission Decisions*, contain interesting and important material regarding business and industry. They tell, case by case, the story of unfair competition, unfair or deceptive acts or practices, price discriminations, exclusive-dealing contracts, and capital-stock acquisitions in violation of the statutes which the Commission administers, and of the measures taken by the Commission to prevent such violations of law.

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

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*Mail Order Book Publishing Industry*, September 3, 1940; *Linen Industry*, February 1, 1941; *Hosiery Industry*, May 15, 1941.

Industrial corporation reports concerning the following industries were published:

- Aircraft Manufacturing Corporations*, October 15, 1940.  
*Cigarette and Tobacco Products Manufacturing Corporations*, October 15, 1940.  
*Bread and Bakery Products Manufacturing Corporations*, October 22, 1940.  
*Lead and Zinc Producing and Manufacturing Corporations*, October 22, 1940.  
*Food Specialty Manufacturing Corporations*, October 29, 1940.  
*Agricultural Machinery and Tractor Manufacturing Corporations*, October 29, 1940.  
*Automobile Parts and Accessories Manufacturing Corporations*, November 5, 1940.  
*Corn Products Manufacturing Corporations*, November 5, 1940.  
*Glass and Glassware Manufacturing Corporations*, November 12, 1940.  
*Coke-Oven Products Manufacturing Corporations*, November 18, 1940.  
*Biscuit and Cracker Manufacturing Corporations*, November 26, 1940.  
*Steel Castings Manufacturing Corporations*, November 26, 1940.  
*Heating and Cooking Apparatus (except electric) Manufacturing Corporations*, December 3, 1940.  
*Rubber Products Manufacturing Corporations*, December 3, 1940.  
*Beet Sugar Refining Corporations*, December 10, 1940.  
*Domestic Laundry Equipment Manufacturing Corporations*, December 10, 1940.  
*Motor Vehicle Manufacturing Corporations*, December 17, 1940.  
*Railroad Equipment Manufacturing Corporations*, December 17, 1940.  
*Clay Products (other than pottery) Manufacturing Corporations*, December 24, 1940.  
*Rayon and Allied Products Manufacturing Corporations*, December 24, 1940.  
*Cane Sugar Refining Corporations*, December 31, 1940.  
*Machine Tool Manufacturing Corporations*, December 31, 1940.  
*Copper Producing and Manufacturing Corporations*, January 14, 1941.  
*Milk and Milk Products Corporations*, January 14, 1941.  
*Men's, Youths' and Boys' Clothing Manufacturing Corporations*, January 21, 1941.



*Gray-Iron and Malleable-Iron Castings Manufacturing Corporations*



## **PART I. GENERAL INVESTIGATIONS**

CORPORATION REPORTS

DISTRIBUTION COST ACCOUNTING

DISTRIBUTION METHODS AND COSTS

RESALE PRICE MAINTENANCE (1939)

FURNITURE PRICES, COSTS, AND PROFITS

MASS FOOD DISTRIBUTORS

## **PART I. GENERAL INVESTIGATIONS**

### **CORPORATION REPORTS**

This project, which was conducted in accordance with powers of the Federal

Industry group	Number of corpora- tions in- cluded	Total sales	sales to	Percent of Census value of products
Agricultural machinery and tractor	9	\$529,356,946	6 94.0	
Aircraft	9	255,004,218		1 91.0
Automobile parts and accessories	19	563,770,843	6 27.0	
Beet sugar	5	103,939,719		6 97.0
Beverage (nonalcoholic)	6	131,197,584	6 47.0	
Biscuit and cracker	4	154,719,550		6 74.0
Bolt, nut rivet and screw-machine products	7	69,260,279	41.5	
Book and magazine publishing	11	189,594,386	1 27.0	
Bread and bakery products	7	202,301,826		17.0
Business machines and typewriter	10	230,822,193	(7)	
Cane sugar refining	7	274,762,877		71.5
Cement	17	88,237,374		46.0
Cereal preparations	8	160,759,718		99.0
Chemicals (Industrial)	13	878,405,853	(7)	
Cigarette and tobacco products	6	2 1,047,390,892	6 82.0	
Clay products (other than pottery)	6	36,800,291	79.0	
Coke-oven products	4	114,565,346	1 33.5	
Confectionery	12	197,467,021		43.0
Copper producing and manufacturing	6	409,247,345	65.0	
Corn products	5	109,996,726		92.0
Cotton textiles	34	451,073,196		39.0
Cranes; dredging, excavating and road-building machinery	12	77,135,231	55.0	
Distilled liquors	6	2 290,699,253	(7)	
Domestic laundry equipment	8	34,939,181	6 50.0	
Drugs and medicines	23	470,800,985	(7)	
Electrical machinery and apparatus	19	805,335,939	6 50.0	
Engine, turbine, water wheel, and windmill	7	44,986,187	6 23.0	
Fertilizer	6	76,250,353		41.1
Firearm and ammunition	4	30,607,560	65.0	
Flour milling	9	4 315,099,410	5 48.5	
Food specialties	4	270,797,816	(7)	
55.0				

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805,335,939

805,335,939

Woolen and worsted	22	253,864,596	35.0
Total	780	24,932,624,668	63.7
1 Census comparison not used in FTC report.	5	Calendar year.	
2 Includes sales tax revenue stamps.	6	1937 Census of Manufactures.	
3 Excludes sales tax revenue stamps.	7	Over 100 percent.	
4 Fiscal year			



A Sound method of allocating joint cost may be based upon an analysis of the service or function for which the cost is incurred; and it is with such an analysis of each of the principal functions of distribution enumerated above and the methods of allocation based thereon that the report on case studies is chiefly concerned.

The report concludes:

In respect to distribution cost accounting, greater uniformity within a single Industry than now exists would seem possible and desirable. For each Industry guiding principles could well be formulated, a standard classification of accounts be set up, considerable uniformity of procedures be worked out, and suggested forms be devised. These things undoubtedly should be done insofar as practicable.

Even for Industry as a whole there is room in a broad way for such standardization of forms, procedures,



## **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

## **PART II. GENERAL LEGAL WORK**

### **DESCRIPTION OF PROCEDURE**

(SEE CHART OPPOSITE THIS PAGE)

A case before the Federal Trade Commission may originate in any one of several ways. The most common origin is through complaint by a consumer, a competitor, or from public sources other than the Commission itself. However, the Commission may initiate an investigation to determine whether the laws administered by it are being violated.<sup>1</sup>

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

#### **INFORMAL PROCEDURE**

When an application for complaint is received, the Commission considers the essential jurisdictional elements. Frequently it is necessary to obtain additional data by further correspondence or by a preliminary field investigation before deciding whether to docket an application for complaint.

When an application for complaint has been docketed it is assigned by the Chief Examiner to an attorney for investigation, in which the facts regarding the matter are developed. The attorney to whom the application is assigned interviews the party complained against and advises such party of the charges and requests the sub-mission of such information as the party may care to submit in defense or in justification. It is the Commission's policy not to disclose the identity of the complainant. If necessary, competitors of the respondent are interviewed to determine the effect of the practice from a competitive standpoint. It is often desirable to interview consumers and members of the general public to assist in determining whether the practice alleged constitutes an unfair method of competition or unfair or deceptive act or practice and also to establish the existence of the requisite public interest.

After developing the facts from all available sources, the examining attorney summarizes the evidence in a report, reviews the law

<sup>1</sup> For a brief statement of the provisions of these laws see p.1. Full texts of the acts appear in the appendixes.





Up to and including the issuance of an order to cease and desist, there is no difference in procedure whether the case is under the Federal Trade Commission Act, or under the Clayton Act, but each act provides a different procedure for enforcement of cease and desist orders.

Under the Federal Trade Commission Act, 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 an appropriate 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 affirmance by Court of .023 1.5c -0.0201

**LEGAL INVESTIGATION****INQUIRIES PRIOR TO FORMAL COMPLAINT OR STIPULATION**

The legal investigational work of the Commission embraces the investigation of all applications for complaint preliminary to formal action for the correction of unfair methods of competition or other acts or practices violative of the laws administered by the Commission.

During the fiscal year ended June 30, 1941, the Commission disposed of 485 preliminary inquiries which had been docketed and 1,364 applications for complaint, or a total of 1,849 informally docketed matters.

Investigation of cases in preliminary stages includes (1) the general preliminary legal investigating work of the Commission under the several acts as conducted by its legal investigating division, supervised by its Chief Examiner, and (2) the continuing survey of radio and periodical advertisements by its Radio and Periodical Division with the objective of correcting false and misleading representations, supervised by the Director of that division.

Cases developed by the two divisions, unless closed without action, progress upon order of the Commission to the status upon ( 2.04 0men) Tj 52E36catTj 2.52 0 T Tj 5ing

a total of 891 on hand, of which 614 were investigated. As a result, 407 of the investigated matters were docketed and transmitted to the Commission for action and 207 closed without docketing because of lack of jurisdiction or other reasons. This left 277 preliminary cases of this type pending for investigation at the end of the fiscal year, June 30, 1941.

Six hundred fifty-eight applications for complaint, which had been docketed without preliminary investigation, were pending for regular investigation by the Chief Examiner's Division at the year's beginning. Subsequently, 626 additional cases of this type were received, making a total of 1,284 such cases docketed for investigation. Of these, 732 were investigated and transmitted to the Commission for action, leaving 552 cases of this character pending for investigation at the year's close.

During the year 670 further investigations included (1) inquiries into alleged violations of cease and desist orders and stipulations, (2) investigations for the Chief Counsel, and (3) others of a supplemental nature. At the end of the year 247 such matters awaited completion of investigation.

Thus, during the year, the Commission's legal investigation staff completed 2,016 investigations. It also disposed of 22,569 pieces of incoming and outgoing mail, requiring varying degrees of research and study.

The Chief Examiner conducts supplemental field investigations (1) in matters

involves prima facie violation of the act, but also whether the defenses available under the act are present in the particular matter. This frequently necessitates the checking of competitive

use or deal in the commodities of a competitor of the lessor or seller, where the effect may be substantially to lessen competition or tend to create a monopoly in any line of commerce. The investigations and proceedings under section 3 of the Clayton Act continue to be of substantial importance.

### **STOCK ACQUISITIONS, MERGERS AND CONSOLIDATIONS**

Under section 7 of the Clayton Act, it is declared unlawful for any corporation engaged in commerce to 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 engagement in commerce to 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 engagement in commerce to acquire, directly or indirectly, the whole or any part of the stock or other share capital of another corporation engaged also in commerce, where



In addition to the original investigations undertaken during the year, there have been 31 matters completed which involved formal docketed cases. These were referred to the legal investigating division on recommendation of the Chief Counsel or directly by the Commission for supplemental work, and consisted of a variety of matters, many of which required complete investigation to determine whether or not cease and desist orders previously issued by the Commission were being violated. Investigations of this nature are as extensive as those made in the original development of a case and in some instances more difficult. At the close of the fiscal year there were 4 cases of this nature pending on the investigational calendar.

Of the 209 restraint-of-trade investigations which were active during the last fiscal year, 27 resulted from applications for complaint filed by governmental agencies (Federal, State, or municipal), and 35 were initiated by the Commission on its own motion. A few applications for complaint came from various miscellaneous sources, but the majority continued to come from individuals and concerns whose business was being jeopardized by the alleged unfair and illegal practices against which complaint was made. The group last mentioned was responsible for 139 of the applications for complaint filed with the Commission.

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

The Wheeler-Lea amendment to the Federal Trade Commission Act of March 21, 1938, greatly enlarged the preexisting need for medical and other scientific and expert opinion and evidence. This was met in part by the establishment within the Commission of the Chief Examiner's Division (see p. 140). Also in conducting field investigations the Chief Examiner's Division has covered a wide range of public and private health products.

these various agencies for analysis and expert opinion to assist in determining the accuracy or otherwise of claims made by advertisers. Special attention has been given to therapeutic representations made concerning, and pharmacological actions of, medicinal preparations, the use of which might be injurious to the user. Similarly consideration has been given to devices also likely to be injurious to health.

Since enactment of this amendatory legislation the legal investigational division has completed 1,412 field investigations of alleged violations of section 12 of the Federal Trade Commission Act, which relates to false advertising of food, drugs, devices, and cosmetics. Of these, 421 were completed during the fiscal year ended June 30, 1941. 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 being carried on in contravention of the law.

The legal investigational division had under investigation at the year's close a total of 192 applications for complaint respecting alleged false advertising of foods, drugs, devices, and cosmetics. Of this number, 22 applications had to do with drug and cosmetic preparations and devices alleged to be injurious to the health of users.

## **DISPOSITION OF CASES BY STIPULATION**

### **PROCEDURE AFFORDS OPPORTUNITY FOR DISPOSING OF SOME CASES BY AGREEMENT TO DISCONTINUE UNFAIR PRACTICES**

Under certain circumstances the Commission, instead of disposing of cases by formal complaint and trial, affords the respondent the privilege of disposition by signing a statement of fact and an agreement to discontinue the unfair practice.

The Commission determines the form and subject matter of all stipulations which are prepared in accordance with the facts as disclosed by the investigation. If a respondent contends that the facts are other than the investigation discloses, then the matter is not subject to stipulation and the proper procedure is to try the issue by the complaint procedure.

In those classes of cases in which the Commission affords the respondent an Opportunity to dispose of a matter by stipulation, that procedure accomplishes economically and expeditiously the cessation of the unlawful practice. It is a simplified procedure and saves both the Government and the respondent the expense incident to trial of a complaint.

Often it appears that a violation occurs through ignorance or misunderstanding, and that the attention of the offender has only to be called to such violation to induce discontinuance of the practice. The Commission, instead of issuing a formal complaint, grants the respondent an opportunity to sign a statement of facts disclosed by the investigation and an agreement to cease and desist from the unlawful practice. If

**I. COMPLAINTS UNDER THE FEDERAL TRADE COMMISSION ACT**

**A. SUPPRESSION OF PRICE COMPETITION AND OTHER ALLIED  
RESTRAINTS  
OF TRADE**

(Complaints referred to are identified by docket numbers. Full text of any complaint may be obtained upon application to the Federal Trade Commission, Washington)

**1. COMBINATIONS TO FIX AND MAINTAIN PRICES**

Eleven complaints were issued charging combination and conspiracy in restraint of trade among members of certain industries to fix minimum prices and maximum discounts from list at

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*Statistical bureau and manufacturers of milk bottle caps.*--An organization known as a statistical bureau and 12 manufacturers representing more than 75 percent of the total business of the paper disc milk bottle cap industry, were charged with a Conspiracy to prevent price competition and to restrain trade, by arranging fixed minimum prices and maintaining uniform prices and discounts and other conditions of sale, to dairies and other consumers. It Was alleged that the respondents, in carrying out their conspiracy, exchanged copies of invoices Showing prices, discounts and terms of sale. (4448.)

*Associations of steel conduit manufacturers and distributors.*--Three trade associations and their officers and members were charged with entering into a combination and conspiracy to suppress price competition in the sale of rigid steel conduit by fixing and maintaining delivered prices based on a price basing point system whereby delivered price quotations of the various manufacturers and sellers have been uniform and identical at any given destination. (4452.)

*Manufacturer and wholesalers of beauty parlor and barber supplies.*--A New York manufacturer and three Washington, D.C., wholesalers and jobbers of beauty parlor and barber supplies were charged with entering into an agreement and conspiracy to restrain competition by fixing prices in Washington and nearby areas of Virginia and Maryland. (4470.)

*Shippers and jobbers of spinach.*--Four Walla Walla, Wash., shippers, four Chicago jobbers, and a Minneapolis broker operating through a Chicago branch, were charged with conspiracy to fix prices in connection with the sale of broadleaf spinach, a distinctive variety grown exclusively in the Walla Walla region and handled only by the respondent shippers. It was alleged that by agreement all of the respondent shippers send their pack of this type of spinach to the respondent jobbers exclusively through the respondent broker-age firm, and the respondent jobbers fix the prices to dealers in Chicago, resulting in a monopolization of such business and enhancing the retail price of the products in Chicago and the surrounding area. (4487.)

*Institute of tag manufacturers.*--A trade organization and 31 member tnducts in ChicagompTc 4

spiracy to suppress competition by fixing and maintaining uniform prices and discounts in the interstate sale of printed products. (4517.)

*Law book publishers and distributors.*--Twenty-eight leading publishers and distributors of law books were charged with engaging in a combination to suppress and restrain competition by entering into agreements to fix and establish prices, terms, conditions, and discounts governing the sale and resale of law books and other legal publications. (4526.)

**2. AGREEMENTS IN RESTRAINT OF TRADE, BOYCOTT AND REFUSAL TO SELL**

Six complaints were issued charging combination and conspiracy in restraint of trade, among members of certain industries. Methods used were boycott and law

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domestic or of domestic products as manufactured in a locality nationally famous for the particular product. Nine of these involved the use of names simulating the names of oriental rugs to designate rugs made in this country by machinery. Eleven complaints charged misrepresentation of correspondence schools or home-study courses.

Nine 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. Nine complaints alleged use of fictitious price markings, or value, including in some instances also alleged misrepresentation as to the character of the product. Other complaints alleged misrepresentation of methods of doing business, value of coupons, and conditions under which coupons were redeemed; disparagement of competitor's product; the misrepresentation that the advertised product had been tested and approved by nationally known laboratories; intimidation by the false representation that a competitor's product was an infringement of copyright; misrepresentation of terms and conditions of purchase; of merchandise as gratuitous; of financial returns to agents; of profits to purchasers or representatives, equipment used, value of product and services to be rendered; misrepresentation through use of the competitor's name; or the misrepresentation that the regular and usual selling price







the fiscal year ended June 30, 1941, as compared with 282 issued during the last preceding fiscal year. Two of the 348 orders were rescinded, additional pleadings were filed, and subsequently another order to cease and desist was entered in each of the 2 cases, making a total of 348 orders issued in 346 cases. One company was respondent in 2 separate proceedings, and orders were issued in each case, although the name appears only once in the following list:

#### LIST OF RESPONDENTS

<i>Respondent</i>	<i>Location</i>
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ORDERS TO CEASE AND DESIST

51

<i>Respondent</i>	<i>Location</i>
American Lead Pencil Co., and others Combining in restraint of trade: typewriter erasers.	Hoboken, N.J.
American Lecithin Co., Inc., and others  Combining in restraint of trade; falsely claiming merchandise has been endorsed by an agency of the Federal Government; unduly disparaging competing products: lecithin.	Elmhurst, Long Island, N.Y.
American Maize-Products Co Price discrimination: corn products.	New York.
American Medicinal Products, Inc., and others Misrepresenting results effected and failing to disclose	Los Angeles.

<i>Respondent</i>	<i>Location</i>
Badger-Brodhead Cheese Co., and others Combining in restraint of trade: dairy products.	Monroe, Wis.
Bauer & Black Misrepresenting therapeutic value: devices and medicinal preparations for treatment of the feet.	Boston.
Basic Foods, Inc., and others Misrepresenting therapeutic value; using the word "doctor" or an abbreviation thereof in referring to a person who is not a doctor of medicine or to a product that was neither formulated nor approved by a doctor of medicine: medicinal and health food products.	Somerset, Pa.
Becker Cloak Co., Inc Passing off textile fabrics as peltries of fur bearing animals or as fur fabrics made from the wool of lambs of the Karakul breed; passing off domestic merchandise as imported merchandise as imported merchandise: wearing apparel.	New York.
<del>Woolmark</del> Passing	

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<i>Respondent</i>	<i>Location</i>
Blue Ribbon Candy Co., Inc., and others Lottery: candy.	Harlingen, Tex.
Booth Fisheries Corporation Price discrimination: canned sardines.	Chicago.
Bounds & Co., George A Price discrimination: canned vegetables.	Salisbury, Md.
Bowe & Hartman Misrepresenting therapeutic value: medicinal preparations	Toledo.
Brewster, Jefferson R., and others Misrepresenting therapeutic value and falsely claiming a laboratory is maintained: medicinal preparations.	Nashville.
Briarwood Corporation Lottery: cigarettes and smoking pipes.	Cleveland.
Brown, Wallace, Inc Mailing unordered, invoiced merchandise upon receipt of request for certain advertised free samples: greeting cards.	New York.
Burry Biscuit Corporation, and others Slack filling of containers: bakery products.	Elizabeth, N. J.
Burtley Co Misrepresenting results effected: an ointment designed to facilitate weight reducing.	New York.
Butler & Co., A. S Passing off reconditioned merchandise as new merchandise: fruit jars.	Chicago.
Camp, J. H., and others Misrepresenting therapeutic value: medicinal preparations.	Ravenswood, W. Va.
Canadian Fur Trappers Corporation, and others Passing off an American retail organization as a Canadian fur-trapping organization; passing off inferior skins as "Seal," "Beaver," "Broadtail," etc.: furs.	New York.
Candymasters, Inc Lottery: candy.	Minneapolis.
Capital Drug Co Misrepresenting therapeutic value and failing to disclose harmful potentialities: medicinal preparations.	Roanoke, Va.
Capitol Building Supply Co., and others Combining in restraint of trade: building materials.	Milwaukee.
Carlton Mills Co., Inc Passing off textile fabrics as peltries of fur bearing animals or as fur fabrics made from the wool of lambs of the Karakul breed; failing to disclose rayon content: fabrics.	Philadelphia.
Carter Sales Co Misrepresenting therapeutic value and failing to disclose harmful potentialities: a treatment for alcoholism.	Los Angeles.



<i>Respondent</i>	<i>Location</i>
Case & Sons Cutlery Co., W. R Using words suggestive of The Boy Scouts of America to designate merchandise that is not standard equipment of the members of that organization: pocket knives.	Bradford, Pa.
Certane Co., and others Misrepresenting therapeutic value: hygienic preparations and appliances.	Los Angeles.

*Respondent*

*Location*

<i>Respondent</i>	<i>Location</i>
Dixie Candy Co., Inc Lottery: candy.	Charlotte, N. C.
Douglas Candy Co Lottery: candy.	St. Joseph, Mo.
Drucquer & Sons Passing off a domestic organization and domestic merchandise as a foreign organization and foreign-made merchandise: tobacco products.	Berkeley, Calif.
Eastern Premium House, Inc Lottery: miscellaneous merchandise.	New York.
Eaula Candy Co Lottery: candy and novelty merchandise.	Columbia, S. C.
Edwin Cigar Co., Inc., and others Misrepresenting quality and prices; distributor claiming to be manufacturer; designating as Havana cigars without using the words "Blended with Havana" in immediate conjunction there with, cigars composed of Cuban tobacco in substantial part only; using words suggestive of England to designate a domestic organization and passing off domestic merchandise as imported merchandise: tobacco products, books, and miscellaneous merchandise.	New York.
Electrical Laboratories, Co., Inc Misrepresenting results effected: radio apparatus.	Do.
Electrolysis Associates, Inc., and others Misrepresenting results effected and failing to disclose harmful potentialities: a device for the electrolytic removal of superfluous hair by self-application.	Do.
Elite Specialties, Inc., and others Misrepresenting financial returns to purchasers; falsely representing that the respondents furnish purchasers exclusive locations and sales territory and refund money or resell merchandise in case of dissatisfaction: nuts and nut display warmers.	Indianapolis.
Ely & Walker Dry Goods Co Misrepresenting wool and camel's hair content and failing to disclose rayon content: wearing apparel.	St. Louis.
Empire Monument Co Passing off cast stone as natural marble or granite; misrepresenting durability: monuments.	Atlanta.
Empire State Candy Co Lottery: candy.	Athens, Ga.
Empire Style Designers League, Inc., and others Combining in restraint of trade: designs and patterns for fur coats.	New York.
Erie Laboratories, Inc., and others Misrepresenting therapeutic value and failing to disclose harmful potentialities: medicinal preparations.	Cleveland.

<i>Respondent</i>	<i>Location</i>
Ethel's Candy & Sales Co., Inc Lottery: candy.	Atlanta.
Eucozone Laboratories, Inc., and others Misrepresenting therapeutic value: antiseptic oil.	Detroit.



<i>Respondent</i>	<i>Location</i>
George, Nick A., and others Misrepresenting therapeutic value medicinal preparations.	Casper, Wyo.
Gland Estemeter Corporation, and others Misrepresenting efficacy: diagnostic machines.	Chicago.
Gluck & Co., Joseph, Inc Using words and picturizations suggestive of the Orient to designate merchandise not made therein and not possessing the true characteristics of Oriental merchandise: rugs.	New York.
Gly-Cas Medicine Co., and others Misrepresenting therapeutic value: medicinal preparations.	Muncie, Ind.
Gold Star Novelty House Lottery: miscellaneous merchandise.	New York.
Goodrich Co., B. F Misrepresenting percentages of savings in connection with special sales; quoting enhanced prices as regular prices: automobile tires and tubes.	Akron, Ohio.
Goodyear Tire & Rubber Co Misrepresenting percentages of savings in connection with special sales; quoting enhanced prices as regular prices: automobile tires and tubes.	Do.
Gordon Foods, Inc Lottery: nuts.	Atlanta.
Gordon-Gordon, Ltd., and others Misrepresenting results effected; using the word "food" to designate merchandise that has no nourishing qualities; representing that face powder containing orris root will irritate the skin of users not allergic to orris root: cosmetics.	Chicago.
Grand Rapids Exchange, Inc., and others Dealer claiming to be manufacturer; representing that Grand Rapids merchandise is handled exclusively: furniture.	Brooklyn, N. Y.
Group Sales Corporation Passing off surplus stock, samples, and seconds as new merchandise from nationally known manufacturers: silk and rayon fabrics.	New York.
H & D Sales Co., and others Lottery: miscellaneous merchandise.	Knoxville.
H. & L Candy Co Lottery: Candy.	Marshville, N. C.
Hagn Co., Joseph Lottery: miscellaneous merchandise.	Chicago.
Hall & Ruckel, Inc	Brooklyn, N. Y.

Misrepresenting results effected and failing to disclose harmful potentialities: depilatories.



<i>Respondent</i>	<i>Location</i>
House of Royalsun Misrepresenting silk and wool content and failing to disclose rayon content; misrepresenting staff and equipment: fabrics and knitting yarns.	New York.
Howard Sales Co., and others Misrepresenting gold content; quoting enhanced prices as regular prices; representing that products are repaired free, when charges are made in excess of those for handling, postage, and insurance: pencils and fountain pens.	Newark, N. J.
Hubinger Co Price discrimination: corn products.	Keokuk, Iowa.
Husco Manufacturing Co., and others Lottery: miscellaneous merchandise.	Atlanta.
Hy-Phen Corporation Misrepresenting therapeutic value: medicinal preparations.	Matoaka, W. Va.
Hy-Test Cement Co Violating established rules by disclosing the identity of the respondent's product in connection with a research investigation conducted by the U.S. Bureau of Standards, and using a report of an agency of the Federal Government or an employee thereof, for publicity purposes: masonry cement.	Philadelphia.
Ideal Candy Novelties Co., Inc., and others Lottery: candy and miscellaneous merchandise.	Brooklyn, N. Y.

<i>Respondent</i>	<i>Location</i>
Junior League Lingerie, Inc Using the words "Junior League" in trade name of a commercial enterprise not sponsored by the "Association of Junior Leagues of America, Inc.": wearing apparel.	New York.
Kant-Slip Manufacturing Co Misrepresenting results effected: belt dressing.	Chicago.
Kastor & Bros., Adolph, Inc Using words and	New York.

*Respondent*

*Location*

<i>Respondent</i>	<i>Location</i>
Michigan Merchandising Co Misrepresenting financial returns and services required of agents; exacting payment for merchandise furnished agents, under the guise of holding a sum of money as a temporary bond; misrepresenting manufacturer and guaranties on merchandise: electric water heaters.	Pontiac, Mich.
Middle West Supply Co., and others Using the words "premium," "prize," or "free" to designate merchandise that is given in return for services or money; quoting enhanced prices as regular prices: flower seeds and cosmetics.	St. Charles, Ill.
Miller Drug Co Misrepresenting results effected and failing to disclose harmful potentialities: flesh reducing compounds.	Rochester, N. Y.
Minetree Brokerage Co Price discrimination: food products.	Poplar Bluff, Mo.
Modern Hat Works Representing that products made in whole or in part from used merchandise are new or are composed of new materials: hats.	Jersey City, N. J.
Monarch China Co Distributor claiming to be manufacturer; quoting regular prices as reduced prices; displaying as samples, merchandise superior to that furnished: earthenware.	Atlanta.
Morris & Co., Philip, Ltd., Inc Passing off domestic merchandise as imported merchandise; falsely representing factories or warehouses are operated in foreign cities: cigarettes.	New York.
Muller & Co., E. B., and others Price discrimination; selling below cost where suppression of competition or creation of a monopoly may result; representing color that is produced by artificial coloring agents is achieved by the method of roasting; unduly disparaging competing products: chicory.	Port Huron, Mich.
National Converters Institute, and others Combining in restraint of trade: cellulose products.	Chicago.
National Distributors, and others A private and public sale of goods in violation of the Sherman Act.	Mt. Rainier, Md.

<i>Respondent</i>	<i>Location</i>
National Premium Co., and others Lottery: miscellaneous merchandise.	Chicago.
National Proprietaries, Inc Misrepresenting therapeutic value and failing to disclose harmful potentialities: medicinal preparations.	Do.
National Standard Parts Association, and others Combining in restraint of trade: automobile accessories.	Detroit.
Neo-Vim Co., and others Misrepresenting therapeutic value and results effected: medicinal preparations and dentifrices.	Columbus, Ohio.
New Method File Grinders, Inc., and others Passing off reconditioned merchandise as new undamaged merchandise or as new merchandise that has been damaged: files.	Chicago.
New York Premium Novelty Co Lottery: miscellaneous merchandise.	New York.
North Lubec Manufacturing & Canning Co Price discrimination: canned sardines.	North. Lubec, Maine.
Novelty Premium Co Lottery: miscellaneous merchandise.	Philadelphia
Nu-Way Manufacturing Co Representing that an article has been approved. by Underwriters Laboratories, when no such approval has been given or only a part of the product has been so approved; misrepresenting prices and financial returns to agents; representing as free, merchandise that is given in return for money or service: electric water heaters.	Des Moines.
Omega Electrolysis Institute, and others Misrepresenting results effected and failing to disclose harmful potentialities: devices for the electrolytic removal of superfluous hair by self-application.	New York.
Park, Philip R., Inc Misrepresenting therapeutic value: medicinal preparations.	San Pedro, Calif.
Parr Sales Co Price discrimination: food products.	Vidalia, Ga.
Pascal Co., Inc Misrepresenting therapeutic value and failing to disclose harmful potentialities: medicinal preparations.	Seattle.
Patent Specialties Co Misrepresenting construction and efficacy; using the word "free" to designate merchandise regularly included in a combination offer: electric welding devices and welding supplies.	New York.
Peacock Canning Co., R. J Price discrimination: canned sardines.	Lubec, Maine.
Pelican State Candy Co., and others Lottery: candy.	New Orleans.

<i>Respondent</i>	<i>Location</i>
Pemick & Ford, Ltd., Inc Price discrimination: corn products.	New York.
Petalskin Toiletries, Inc Misrepresenting composition and results effected: cosmetics.	Do.
Peterson Core Oil & Mfg. Co., and others Misrepresenting plant and facilities and falsely representing that branch offices are maintained in various cities: core oil.	Chicago.
Pharmacal Co., J. R. Misrepresenting therapeutic value; representing that products have been approved by leading health authorities: medicinal preparations.	Chester, Pa.
Phillips Card Co Mailing unordered, invoiced merchandise upon receipt of request for certain advertised free samples: greeting cards.	Newton, Mass.
Phillips Chemical Co., Charles H Misrepresenting ingredients and results effected: cosmetics.	New York.
Piccadilly Hosiery Mills, and others Distributor claiming to be manufacturer: hosiery.	Philadelphia.
Pierre Chemical Co., Dr Misrepresenting therapeutic value: medicinal preparations.	Chicago.
Pine Hill Lime & Stone Co., and others Combining in restraint of trade; collusive bidding; establishing and maintaining a basing point system: chemical, building, and agricultural lime.	Pine Hill, Ky.
Pioneer Specialty Co., and others Lottery; distributor claiming to be manufacturer: candy.	Brooklyn, N. Y.
Pittsburgh Cut Rate Drug Co Misrepresenting therapeutic value and failing to disclose harmful potentialities: medicinal preparations.	McKeesport, Pa.
Pittsburgh Plate Glass Co., and others Combining in restraint of trade: glass.	Memphis.
Plat-Num Perl Laboratories Misrepresenting results effected: cosmetics.	New York.
Plomb Tool Co Lottery: tools.	Los Angeles.
Popper & Klein, and others Passing off imported merchandise as domestic merchandise: microscope cover glasses.	New York.
Premium Candy Co Lottery: candy.	Fayetteville, N. C.
Primfit Textile Co Distributor claiming to be manufacturer; falsely claiming that certain of the respondent's merchandise is the original garterless sock: men's hosiery.	Cincinnati.



<i>Respondent</i>	<i>Location</i>
Primrose House, Inc., and others Misrepresenting results effected: cosmetics.	New York.
Progressive Medical Co., and others Misrepresenting therapeutic value and failing to disclose harmful potentialities: medicinal preparations and weight reducing compounds.	Chicago.
Pronto File Corporation Quoting regular prices as reduced prices: steel filing cabinets.	New York.
Prostex Co Misrepresenting therapeutic value: medicinal preparations.	Miami, Okla.
Purex Corporation, Ltd Misrepresenting results effected and quantity necessary for an adequate solution: disinfectants and germicides.	Southgate, Calif.
Queen City Candy Co., Inc Lottery: candy.	Charlotte, N. C.
R. E. Engineers Misrepresenting results effected: devices alleged to augment radio tubes.	Cincinnati.
Rabhor Corporation Misrepresenting silk content and failing to disclose rayon content: wearing apparel.	New York.
Ramsdell Packing Co Price discrimination: canned sardines.	Rockland, Maine.
Raphael, Sol, Inc Using words and picturizations suggestive of China and the Orient to designate merchandise not made therein and not possessing the characteristics of Oriental merchandise: t79 -11.j -174.96(alleged) Tj 2.cri.034 TReaburn &ndy CoC. G Co Price	New York.
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<i>Respondent</i>	<i>Location</i>
Robinson & Co., W. E., Inc Price discrimination: food products.	Bel Air, Md.
Robinson Clay Product Co. of New York, and others Combining in restraint of trade: building materials and vitrified sewer pipe.	New York.
Royal River Packing Corporation Price discrimination: canned sardines.	Yarmouth, Maine.
Ru-Ex Co Misrepresenting therapeutic value and failing to disclose harmful potentialities: medicinal preparations.	St. Paul.
Ruff & Son, H. M Price discrimination: food products.	York, Pa.
Ruth Gowns, Inc Failing to disclose rayon content: wearing apparel.	New York.
S & K Sales, Inc Lottery: miscellaneous merchandise.	St. Louis.
Sales Promoting Co Lottery: miscellaneous merchandise.	New York.
San Pedro Fish Exchange, and others Combining in restraint of trade: sea food.	San Pedro, Calif.
Sanders Manufacturing Co Lottery: miscellaneous merchandise.	Nashville.
Scholl Manufacturing Co., Inc Misrepresenting therapeutic value: devices for treating the feet.	Chicago.
Schrade Cutlery Co Using words and picturizations suggestive of The Boy Scouts of America to designate merchandise that is not standard equipment of the members of that organization: pocket knives.	Walden, N. Y.
Schutter Candy Co Lottery: candy.	Chicago.
Scientific Manufacturing Co., Inc., and others Unduly disparaging aluminum ware: pamphlets treating of the allegedly harmful effects of food cooked in aluminum ware.	Scranton, Pa.
Seaboard Packing Co Price discrimination: canned sardines.	Lubec, Maine.
Seaboard Paint & Varnish Co Passing off reconditioned merchandise as new merchandise; quoting enhanced prices as regular prices: paint.	Brooklyn, N. Y.
Sears, Roebuck & Co Misrepresenting percentages of savings in connection with special sales; quoting enhanced prices as regular prices: automobile tires and tubes.	Chicago.

Sekov Corporation, and others

Hollywood, Calif.

Misrepresenting therapeutic value and failing to disclose  
harmful potentialities: flesh reducing compounds.

<i>Respondent</i>	<i>Location</i>
Shapiro Felt Rug Co., and others Representing that products made in whole or in part from used merchandise are new or are composed of new materials: novelty hats and caps.	Newark, N. J.
Shaving Powder Co Representing the use of a depilatory as a new method of shaving; misrepresenting results effected and failing to disclose harmful potentialities: depilatories.	Savannah.
Shepherd, Imogene, Ltd Misrepresenting results effected; representing that the "Vitamin E" content and a fictitious so-called "Vitamin F" content are introduced into the system by absorption from the skin: cosmetics.	Chicago.
Sherry's Cut Rate Drug Co., Inc Misrepresenting therapeutic value and failing to disclose harmful potentialities: medicinal preparations.	Bluefield, W. Va.
Siegel & Alenikoff, and others Passing off textile fabrics as peltries of fur-bearing animals or as fur fabrics made from the wool of lambs of the Karakul breed; passing off domestic merchandise as imported merchandise: wearing apparel.	New York.
Siegel-Kahn Co., Inc., and others Distributor claiming to be manufacturer; misrepresenting wool content and failing to disclose rayon content; using the term "Doctor" or "Dr." to designate merchandise not designed or approved by a doctor of medicine: wearing apparel.	Do.
Simmon's Cut Rate Drug Store Misrepresenting therapeutic value and failing to disclose harmful potentialities: medicinal preparations.	Canandaigua, N. Y.
Silver & Co., William Price discrimination: food products.	Aberdeen, Md.
Silver Service Corporation, and others Misleading representations: Sales promotion plan involving so-called puzzle contests, and silverware for use in conjunction therewith.	Chicago.
Singer Fur Co., Frank L Failing to pay trappers and dealers on delivery, the enhanced prices quoted: raw furs.	Peekskill, N. Y.
Sisk & Son, Albert W Price discrimination: food products.	Preston, Md.
Smoke Conditioner Co Misrepresenting results effected: cigarette holders.	New York.
Sohn & Co., Inc., and others Passing off reconditioned merchandise as new merchandise: mattresses.	Chicago.



<i>Respondent</i>	<i>Location</i>
Sohn Bros Passing off reconditioned merchandise as new merchandise: mattresses.	Do.
Somersville Manufacturing Co., and others Misrepresenting camel's hair content: fabrics.	Somersville, Conn.
Sorbol Co., and others Misrepresenting therapeutic value and failing to disclose harmful potentialities: medicinal preparations.	Mechanicsburg, Ohio.
Southern Sales Co Lottery: candy.	Dunn, N. C.
Spors Co Misrepresenting therapeutic value of medicinal preparations; misrepresenting efficacy of an electric water heater and a preparation alleged to make hosiery and lingerie "run-proof"; mis-representing the quality of fountain pens and the percentage of profit in their resale: medicinal preparations and miscellaneous merchandise.	Le Center, Minn.
Stallman & Son, C. H., Inc. Lottery: candy and miscellaneous merchandise.	York, Pa.
Stephenson Laboratories Trust, and others Misrepresenting sufficiency of course and financial returns to students and falsely claiming a laboratory is maintained: correspondence school (a system of foot correction and the designing and manufacturing of arch supports).	Boston.
Stinson Canning Co., and others Price discrimination: canned sardines.	Prospect Harbor, Maine.
Stromberg Ignition Co Misrepresenting results effected: appropriating name of favorably known firm to designate the respondent's merchandise; falsely representing that devices have been approved by a recognized association of automobile engineers: gasoline saving devices.	Detroit.
Sun Cut Rate Store Misrepresenting therapeutic value and failing to disclose harmful potentialities: medicinal preparations.	Huntington, W. Va.
Sunset Packing Co Price discrimination: canned sardines.	West Pembroke, Maine.
Tarlton Candy Co., J. T Lottery: candy.	Marshville, N. C.
Taylor Co., J. M., Inc., and others Lottery: miscellaneous merchandise.	New York.
Thomas Brothers Lottery: candy and salted nuts.	Portland, Oreg.
Thompson Co., Robert J Lottery: wearing apparel.	Philadelphia.



<i>Respondent</i>	<i>Location</i>
Thomsen-King & Co., Inc., and others Lottery; distributing merchandise by means of a puzzle contest wherein the receipt of prizes is conditioned on the sale of merchandise rather than the solution of the puzzle: cosmetics and miscellaneous merchandise.	Chicago.
Thorp & Co., J. H., Inc Passing off merchandise that does not retain its original color when washed or exposed to sunlight as sunfast, tubfast, or fadeless: fabrics.	New York.
Thyrole Products Co Misrepresenting results effected and failing to disclose harmful potentialities: flesh reducing compounds.	Philadelphia.
Tracey Co., John J Passing off domestic merchandise as imported merchandise: soap.	Chicago.
Trading Sales Co Lottery: miscellaneous merchandise.	New York.
Trinidad Creamery Co Lottery: butter.	Trinidad, Colo.
Trippe Manufacturing Co., and others Misrepresenting efficacy;	Chicago.

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<i>Respondent</i>	<i>Location</i>
Vitaphore Appliances, Inc Misrepresenting therapeutic value: electric heating and massaging devices.	Sound Bend, Ind.
Von Schrader Manufacturing Co Misrepresenting results effected and financial returns to purchasers: electric carpet-washing machines.	Racine, Wis.
Vonnegut Hardware Co Price discrimination: automatic fire exit devices.	Indianapolis.
Vulcan Lamp Works, Inc Passing off imported merchandise as domestic merchandise: electric light bulbs.	Harrison, N. J.
Wain's Laboratory, Inc Misrepresenting therapeutic value and failing to disclose harmful potentialities: medicinal preparations.	Hollywood, Calif.
Walton Training Bureau Misrepresenting prospective earnings of students, frequency of examinations, and availability of positions, and misrepresenting the respondent's relations with the United States Civil Service Commission: correspondence school (coaching for civil service examinations).	Passaic, N. J.
Wan, Fong Misrepresenting therapeutic value: medicinal herbs.	Oakland, Calif.
Weaver Real Estate Appraisal Training Service Misrepresenting prices, availability of positions, prospective earnings of students, and adequacy of course in qualifying students as government appraisers: correspondence school (real estate appraisal).	Kansas City, Mo.
Weissman, Fred P., Inc Misrepresenting camel's-hair content: wearing apparel.	New York.
Wellworth Sales Co Lottery: miscellaneous merchandise.	Do.
Western Auto Supply Co Misrepresenting percentages of savings in connection with special sales; quoting enhanced prices as regular prices: automobile tires and tubes.	Kansas City, Mo.
Western Novelty Co Passing off nonprecious stones, made elsewhere than in Alaska, as Alaskan diamonds: jewelry.	Portland, Oreg.
White King Soap Co Misrepresenting results effected: soap.	Los Angeles.
Wholesale Liquor Distributors' Association of Northern California Inc. And others Combining in restraint of trade: spirituous beverages.	San Francisco.



delivered prices on such products. Commission findings were that the respondents' system

operated by their use of basing points, all delivered price quotations having been calculated as though shipments had been made by rail from a single point or points having a common freight rate to destination. Various practices used for the purpose and with the effect of fixing and maintaining uniform delivered prices on the respondents' products were included in the prohibitions of the order. (3591.)

*Capitol Building Supply Co., Milwaukee, and others.*--Certain dealers in building supplies located in Milwaukee, Wis. with FD-316 2207240041011590 Reg. (Trade) (483.75 p. 120.





customer that the respondents are news or press photographers or that any photograph solicited is for press or publicity purposes, unless such photograph is actually for immediate news or press use. (3561.)

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been charged (see Annual

Report, 1940, p 43) with the use of misleading practices and misrepresentation in the issuance by it of guaranties and seals or emblems of approval, published in its own and other publications,

**MISREPRESENTING KNIVES TO BE BOY SCOUT KNIVES**

*Adolph Kastor & Bros., Inc., New York, Imperial Knife Co., Inc., Providence, R. I., Colonial Knife Co., Inc., Providence, R. I., Utica Cutlery Co., Utica, N. Y., Schrade Cutlery Co., Walden, N. Y., and W. R. Case & Sons Cutlery Co., Bradford, Pa.--These respondents are manufacturers and sons*

ments concerning the therapeutic value of various medicinal preparations and devices. Some of these cases were of such nature that injunctive action was taken to stop the advertising practices involved, pending issuance of the Commission's complaint (see p.102).

**SALES METHODS INVOLVING LOTTERY SCHEMES, INCLUDING THE  
MANUFACTURE AND SALE OF THE DEVICES FOR CONDUCTING THEM**

The Commission continued to proceed against various persons, firms and corporations for the use of lottery schemes and devices in connection with the sale and distribution of their merchandise. Many orders to cease and desist prohibiting such practice were issued. The principal devices so used were push and pull cards and (see to.65 n d

were ordered to cease and desist from discriminating in price, which discriminations (except in the case of the American Maize-Products Co.) resulted principally from the practice of charging freight from Chicago to the customer's location, regardless of the fact that the shipments originated in cities other than Chicago. The order to the American Maize-Products Co., whose plant is in Chicago, was directed at discriminations which arose from charging different prices based upon the sizes of the containers in which the sirup was purchased, and at the practice of selling to some purchasers at the former and lower price after the announcement of an increase in price of such sirup, while selling such sirup to other and competing purchasers at the new and higher price. ~~page 7e~~

harass, injure, and if possible, eliminate, this new competitor in the field, by various methods.

The Commission ordered the respondents to cease and desist from certain disparagements of the products of their competitors, false representations regarding artificial coloring of chicory, and from selling or offering to sell granulated chicory at a price less

and corrective properties of medicinal preparations and devices, and cosmetics, and the false representation, expressly or by failure to disclose their potential harmfulness, that such preparations may be safely used.

2. Representing products to have been made in the United States when the mechanism or movements, in whole or in important part, were of foreign origin.

3. Bribing buyers or other employees of Customers and prospective customers, without the employer's knowledge or consent, to secure or hold patronage.

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, etc.

10. Selling rebuilt, second-hand, renovated, or old products, or articles made in whole or in part from used or second-hand materials, as new, by so representing them or by failing to reveal that they were not new or that second-hand materials were used.

11. Buying up supplies for the purpose of hampering competitors and stifling or eliminating competition.

12. Using concealed subsidiaries,

in fact mere “come-on” schemes and devices in which the seller’s true identity and interest are initially concealed.

13. Using merchandising schemes based on lot or chance, or on a pretended contest of skill.

14. Compelling resale price maintenance by cooperating with others in the use of schemes and practices for compelling wholesalers and retailers to maintain resale prices fixed by a manufacturer or distributor for resale of his product.

15. Combinations or agreements of competitors to fix, enhance, or depress prices, maintain prices, bring about substantial uniformity in prices, or to divide territory or business, to cut off or interfere with competitors’ sources of supply, or to close markets to competitors; or for 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 or distributor to cause him to organize, join, or contribute to, or to prevent him from organizing, joining, or contributing to, producers’ cooperative association, or other association, advertising agency, or publisher.

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, equipments, 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.



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,

(c) Concealing from prospective purchaser unusual 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 there-for from sources other than seller difficult and impracticable, if not impossible.

(d) Obtaining by deceit prospective customer's signature to a contract and promissory note represented as simply an order on approval.

(e) Making use of improper and coercive practices as means of exacting additional commitments from purchasers, through such practices as unlawfully withholding from purchaser property of latter lent to seller incident to carrying out of original commitment, or by taking advantage of the fact that the property is not returnable to the purchaser.

(b) They are composed in whole or in part of ingredients or materials, which in fact are contained only to a negligible extent or not at all, or that they have qualities or properties which they do not have; or

(c) They were made in or came from some locality famous for the quality of such products, or are of national reputation; or

(d) They were made by some well and favorably known process; or

(e) They have been inspected, passed, or approved after meeting the tests of some official organization charged with the duty of making such tests expertly and disinterestedly, or giving such approval; or

(f) They were made under conditions or circumstances considered of importance by a substantial parotantial .0031 Tc (charged) Tj 34.92 0 Tm 0 TD 0.00syoR Tw ( 20.88 02 Ru



During the year, results favorable to the Commission were obtained in 40 cases, of which two were before the Supreme Court of the United States, 26 were before the United States circuit courts of appeals, and 12 were before United States district courts. A commission order was set aside in one case in the circuit court of appeals, and the Supreme Court in another case affirmed a decision of a circuit court of appeals reversing a Commission order.

Cases in the Supreme Court in which the Commission's orders were affirmed involved the Millinery Creators' Guild and others, and the Fashion and others, one of



4 A petition for writ of certiorari was denied October 13, 1941.

were handed down affirming orders ~~directing~~



sion's cease and desist order, which involved the legality of a combination designed to prevent so-called "style piracy" in women's dresses. In its opinion, the Court said:

If the purpose and practice of the combination of garment manufacturers and their affiliates runs counter to the public policy declared in the Sherman and Clayton Acts, the Federal Trade Commission has the power to suppress it as an unfair method of competition. \* \* \* And, as previously pointed out, it was the object of the Federal Trade Commission Act to reach not merely in their fruition but also in their incipiency combinations which could lead to these and other trade restraints and practices deemed undesirable.

As the result of this decision, consent decrees were entered by the Sixth and Seventh Circuits (Detroit and Chicago), affirming the Commission's orders against The J. L. Hudson Co., Detroit, and Mandel Brothers, Inc., and Marshall Field & Co., Chicago. (See Millinery Creators' Guild, Inc., and others, p.97 for similar case.)

*Fresh Grown Preserve Corporation and others, Lyndhurst, N. J., etc.*, petitioned the Second Circuit (New York) for a review of an order against the alleged misrepresentation of certain products as "preserves." The Commission found that such products did not contain the 45 percent of fruit and 55 percent of sugar necessary to entitle them to this designation. As of June 30, 1941, the case awaited printing of the transcript.

*Gimbel Brothers, Inc., New York.*--The Second Circuit (New York) handed down a decision modifying and affirming the Commission's order in this case (116 F. 2d 578). The proceeding arose out of the petitioner's purchase and subsequent sale as "woolens" of a job-lot of fabrics, a large part of which were mixtures of wool and other materials. The Commission found that this misrepresentation had a tendency to deceive the public and unfairly to divert interstate trade from the petitioner's competitors. The Court did not sustain the Commission's provisos requiring, in the case of fabrics composed only partly of wool, the use of words describing each constituent fiber in the order of its predominance by weight, and when any particular fiber named was not present in a substantial amount by weight, a statement of its percentage. The Court described these provisos as "burdensome." It held, however, among other things:

We think it plain that soliciting the purchase of goods by advertisement is a method of competition; If the advertisement contains false representations, it is an unfair method of competition. \* \* \* Whether or not the advertiser knows the representations to be false, the deception of purchasers and the diversion of trade from competitors is the same. The purpose of the statute is protection of the public, not punishment of a wrongdoer. \* \* \* Hence a deliberate effort to deliberate method of (of; If the advertisement contains false represen0036 Tc 0 Tw (purchase.)

*Hershey Chocolate Corporation, Hershey, Pa.; Peter Cailler Kohler Swiss Chocolate Co., Inc., Fulton, N.Y.; Lamont, Corliss & Co., New York; Sanitary Automatic Candy Corporation, New York; Berlo Vending Co., Philadelphia; and Confection Cabinet Co., Newark, N. J.*--These companies include two of the largest chocolate candy-bar manufacturers, a sales corporation, and the three largest vending-machine operators. They petitioned the Third Circuit (Philadelphia) to review an order against restraint-of-trade agreements in the sale of candy bars to the vending-machine trade. The Court unanimously affirmed the order (121 F. (2d) 968) and, with respect to the petitioners' contentions of lack of public interest and discontinuance of the practices proscribed, the Court said:

There can be no question about public interest where there is a clear tendency to monopoly.

\* \* \* \* \*

The Commission would have no power at al

Commission's order was directed against a combination in restraint of trade in spirituous liquors. Among the specific practices for-bidden

of jewelry. At the

*George G. Neff, Miami, Okla., doing business as Prostex Co.*, filed petition for review with the Fourth Circuit (Richmond) . The order directed the petitioner, in connection with the sale of “Glantex,” a medicinal preparatory, to cease representing that it would “cure, or serve as a safe, competent treatment for, prostatitis, cystitis, urethritis, sugar diabetes, dropsy, illio-colitis, gastritis, malaria, inflammation of the bladder, acute indigestion, ptomaine poisoning, rheumatism, backaches, leg aches, or worn-out or run-down feeling.” In affirming the order (117 F. 2d 495), the Court said:

The actual question now presented is whether the testimony of the six experts who testified for the Commission can be considered substantial evidence in view of their lack of actual experience in the use of the petitioner’s preparation, as compared with the conflicting statements of doctors who had administered Glantex to their patients. We think that the evidence is sufficient to support the Commission’s finding. All of the experts were well

*Corday, Inc., New York;*

*Raladam Co., Detroit.*--The Commission's order, reviewed by the Sixth Circuit (Cincinnati), is directed against unwarranted claims with respect to a desiccated thyroid preparation known as "Marmola," advertised extensively as a weight-reducing agent. At the year's close the case awaited decision of the Court.

*Monica M. Rock, Milwaukee.*--The Seventh Circuit (Chicago) affirmed an order (117 F. 2d 680) under the terms of which the petitioner, individually and as executrix of the estate of Dr. Arthur A. Rock, is directed to discontinue representations that her method of treatment is a scientific, efficacious, safe, and proper treatment for goiter, regardless of the variety, form or stage of progression.

*Saks & Co., New York.*--On stipulation of the parties, the petition for review was dismissed by the Second Circuit (New York). The Commission subsequently modified its order in certain particulars.

The Commission order as modified is directed against misrepresentations as to the quality, age, style, and value of women's wearing apparel; for example, representing as new, coats made in whole or in part of old furs; and using such terms as "Satin" or "Crepe" to describe fabrics not composed wholly of silk. The order provides, however, that when such terms are used to designate the type of weave or finish, they must be qualified by words showing the materials from which such products are made.

*Peter Sanders and others, New York.*--Peter Sanders and Harry Sanders, doing business as the Perfect Recondition Spark Plug Co., and Samuel Sanders, doing business as The Ace Auto Supply Co., New York, petitioned the Second Circuit (New York) to review an order directing them to cease and desist from selling used and reconditioned spark plugs unless the word "Used" or "Secondhand" or "Reconditioned" is permanently stamped or fixed on each plug in a color in contrast to the surface to which applied. ~~TD~~ 0.05 Circuit

*Standard Container Manufacturers' Association, Inc., and others, Jacksonville, Fla.*--The Fifth Circuit (New Orleans) affirmed the Commission's order after a slight modification in the interest of clarity.

This trade association and its members, Georgia and Florida concerns, engaged in the manufacture and sale of wooden containers used in packaging fruits and vegetables, were ordered to cease entering into agreements to fix and maintain uniform prices, terms and conditions of sale, to curtail production, etc. In its opinion (119 F. 2d 262), the Court said:

In the beginning it must be stated that petitioner's contention that action under agreement to raise prices is not in itself an unfair practice, that it must also appear that prices are unreasonably affected by the action, will not stand up under the authorities. It is settled law that it is not for those, who, by concert, artificially raise prices, to determine what point is within and what beyond the bounds of reason. The law prohibits price-fixing agreements, and all kinds of agreements to regulate the effect of free and fair competition.

(For similar case, see *The Stevenson Corporation*, below.)

*The Stevenson Corporation, and Stevenson, Jordan & Harrison, New York.*--These concerns, both engaged in business management and engineering, petitioned the Second Circuit (New York) for review of a Commission order directing them to cease and desist from entering into, carrying out, or aiding or abetting in the carrying out, of agreements or combinations for the purpose or with the effect of restraining or eliminating competition in the purchase or sale of wooden containers used in the packaging of fruit and vegetables. Except for the filing of certified transcript with the Second Circuit (New York), this case remained in statu quo during the fiscal year. It awaits printing of the transcript. (For similar case, see *Standard Container Manufacturers' Association, Inc., and others*, above.)

*Chester L. Thomas, Denver, trading as Thomas Quilt Factories.*--The Tenth Circuit (Denver), upon petition for review, unanimously affirmed the order in this case and directed the enforcement thereof (116 F. 2d 347). The order was based upon findings to the effect that that or3 Tc tf4 0TD 0 0 Tc (in Tj 2.52 0 TD 0.023 Tc (the) Tj 13.56 0 TD 0 Tc

*United States Steel Corporation, American Bridge Co., Carnegie-Illinois Steel Corporation, American Steel & Wire Co. of New Jersey, and Tennessee Coal, Iron & Railroad Co.* --These corporations, in 1938, petitioned the Third Circuit (Philadelphia) to review an order directed against "Pittsburgh plus" prices for rolled-steel products, in violation of section 2 (the price-discrimination section) of the Clayton Act, and of section 5 of the Federal Trade Commission Act. A separate petition was filed with the Fifth Circuit (New Orleans) by the Tennessee Coal, Iron & Railroad Co. By stipulation of the parties, the judgment and decree of the Fifth Circuit may be made in conformity with the decision of the Third Circuit or of the Supreme Court. Further proceedings were suspended until October 5, 1942. (For further details, see Annual Reports for 1938, pp. 90-91; 1939, p.109; and 1940, p.94.)

#### **INJUNCTIVE PROCEEDINGS UNDER THE FEDERAL TRADE COMMISSION ACT**

Since enactment of the Wheeler-Lea amendment to the Federal Trade Commission Act, March 21, 1938, the Commission has obtained 35 preliminary injunctions in the United States District Courts restraining the dissemination of false advertisements of various products pending the determination of the Commission proceedings against the advertisers.

Thirty-three of these cases concerned drug products and devices which were of a dangerous nature and injurious to health when used or taken under the conditions prescribed or under customary or usual conditions. These products included abortifacient, emmenagogue, aphrodisiacs, electrolysis machines for the removal of superfluous hair, short-wave diathermic devices and so-called cures for obesity and dipsomania.

By invoking the injunctive procedure provided in section 13 of the amended Act, 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 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 this section and concluded during the fiscal year ended June 30, 1941, are listed below.

The decrees prohibit, pending issuance and final disposition of the Commission's complaint, the dissemination of advertisements representing the products as safe and competent treatments for illnesses specified and of advertisements which fail to reveal that such preparations, if used under the conditions prescribed in the advertisements or under customary or usual conditions, might result in serious injury to the health of the user.

Seven of the twelve suits had to do with the advertisement of drugs represented as being safe, scientific, and competent treatments for the relief of delayed menstruation. These cases are:

*Howard Deckelbaum, trading as Sun Cut Rate Store, Huntington, W. Va.*--Preparations advertised were known as "Harmless Prescription Capsules," "Special Prescription Capsules" and "Prescription Female Capsules-Double Strength" and "Triple Strength." The United States District Court for the Southern District of West Virginia granted a temporary restraining order and rule to show cause. Thereafter it issued a preliminary injunction which was followed by the Commission's complaint and order to cease and desist.

*Lenard Gotlieb, trading as Reed's Cut Rate Store and Fountain Cut Rate Store, Clarksburg, W. Va.*--Preparations advertised were known as "Prescription Female

*Charles Shrader, trading as Queen Chemical Co., Mt. Lebanon, Pa.*--The preparation advertised was known as "Queen Brand Capsules." The United States District Court for the Western District of Pennsylvania issued a temporary restraining order and rule to show cause. Thereafter it issued a preliminary injunction. The Commission's complaint had not issued at the close of the year.

*D.*

district Court for the Southern District of California granted a temporary restraining order and rule to show cause. Thereafter it issued a preliminary injunction. The Commission's complaint had not issued at the close of the year.

#### CIVIL 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 9 alleged violations of its cease and desist orders to the Attorney General. Trial of most of these cases was pending at the close of the year. However, 10 cases which had been certified to the Attorney General during the preceding year were disposed of and civil penalties in the sum of \$12,290 were collected or were in the process of collection at the end of the year. The cases disposed of during the current year were:

*United States against George E. McKewen, and others, trading as Herbal Medicine Co., and Natex Co., Baltimore.*--United States District Court for the District of Maryland; judgment entered for \$100.

*United States against J. H. Casey, Portland, Oreg.*--United States District Court for the District of Oregon; judgment entered for \$40.

*United States against Plantation Chocolate Co., Inc., Philadelphia.*--United States District Court for the Eastern District of Pennsylvania; judgment entered for \$600.

*United States against The Perfect Manufacturing Co., Inc., trading as Kar-Nu Co., Cincinnati.*--United States District Court for the Southern District of Ohio; judgment entered for \$1,000.

*United States against The Chesapeake Distilling & Distributing Co., Baltimore.*--United States District Court for the District of Maryland; judgment entered for \$100.

*United States against Mutual Printing Co., Chicago.*--United States District Court for the Northern District of Illinois; judgment entered for \$1,500.

*United States against Montebello Distillers, Inc., Baltimore.*--

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**TABLES SUMMARIZING WORK OF THE LEGAL DIVISIONS AND  
COURT PROCEEDINGS, 1915-41**

TABLE I.--*Preliminary inquiries*

	1915	1916	1917	1918	1919	1920	1921	1922	1923
Pending beginning of year	0	4	12	32	19	29	61	68	147
Instituted during year	119	265	462	611	843	1,107	1,070	1,223	1,234
Total for disposition	119	269	474	643	862	1,136	1,131	1,291	1,381
Consolidated with other proceedings	0	0	0	0	0	0	0	0	0
Closed after investigation	3	123	289	292	298	351	500	731	897
Docketed as applications for complaint	112	134	153	332	535	724	563	413	382
Total disposition during year	115	257	442	624	833	1,075	1,063	1,144	1,279
Pending end of year	4	12	32	19	29	61	68	147	102
	1924	1925	1926	1927	1928	1929	1930	1931	1932
Pending beginning of year	102	191	176	298	328	224	260	409	307
Instituted during year	1,568	1,612	1,483	1,265	1,331	1,469	1,505	1,380	1,659
Total for disposition	1,670	1,803	1,659	1,563	1,659	1,693	1,765	1,789	1,966
Consolidated with other proceedings	0	0	0	0	0	0	0	0	0
Closed after investigation	1,157	1,270	1,075	942	1,153	1,049	1,060	1,150	1,319

Consolidated with other proceedings 0

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TABULAR SUMMARY OF LEGAL WORK

TABLE 2.--Applications for complaints

	1915	1916	1917	1918	1919	1920	1921	1922	1923
Pending beginning of year	0	104	130	188	280	389	554	467	458
Applications docketed	112	134	153	332	535	724	426	382	416
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 TPC 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	5	8
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	880
To complaints	0	3	16	80	125	220	156	104	121
Settled by stipulation to cease and desist	0	0	0	0	0	0	0	0	0
Settled by acceptance of TPC 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	187
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	308
Pending end of year	104	130	188	280	389	554	467	458	572

  

	1924	1925	1926	1927	1928	1929	1930	1931	1932
Pending beginning of year	572	565	488	420	457	530	843	753	754
Applications docketed	377	340	273	292	334	679	535	511	878
Rescissions:									
To complaints	0	0	0	0	0	0	2	2	0
Settled by stipulation to cease and desist	1	1	1	0	2	2	3	5	3
Settled by acceptance of TPC rules	0	0	0	0	0	1	3	2	0
Consolidated with other proceedings	0	0	0	0	0	0	0	0	0
Dismissed for lack of merit	5	0	0	0	0	0	0	0	0
Closed for other reasons 1	0	0	0	0	0	0	0	0	0
Total disposition during year	6	1	1	0	2	2	3	5	3
Pending end of year	572	565	488	420	457	530	843	753	754

## CUMULATIVE SUMMARY-TO JUNE 30, 1941

Applications docketed	16,718
Rescissions:	
To complaints	10
Settled by stipulations to cease and desist	218
Settled by acceptance of TPC rules	6
Consolidated with other proceedings	0
Dismissed for lack of merit	81
Closed for other reasons 1	37
Total for disposition	17,070
To complaints	4,140
Settled by stipulations to cease and desist	5,174
Settled by acceptance of TPC rules	97
Consolidated with other proceedings	84
Dismissed for lack of merit	3,863
Closed for other reasons 1	2,291
Total disposition	15,649
Pending June 30, 1941	1,421

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

TABLE 3.--Complaints

	1915	1916	1917	1918	1919	1920	1921	1922	1923	
Pending beginning of year	0	0	5	10	86	133	286	312	257	
Complaint docketed	0	5	9	154	135	308	177	111	144	
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 TPC rules	0	0	0	0	0	0	0	0	0	0
Dismissed for lack of merit	0	0	0	0	0	0	1	0	1	
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	402	
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	82	
Settled by stipulations to cease and desist	0	0	0	0	0	0	0	0	0	0
Settled by acceptance of TPC rules	0	0	0	0	0	0	0	0	0	0
Dismissed for lack of merit	0	0	1	7	13	44	37	75	88	
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	170	
Pending end of year	0	5	10	86	133	286	312	257	232	
	1924	1925	1926	1927	1928	1929	1930	1931	1932	
Pending beginning of year	232	264	220	152	147	136	198	275	225	
Complaint docketed	154	132	62	76	64	149	172	110	92	
Orders to cease and desist	5	0	0	1	1	0	0	0	1	
Settled by stipulations to cease and desist	0	0	0	0	0	0	0	0	0	0
Settled by acceptance of TPC rules	0	0	0	0	0	0	0	0	0	0
Dismissed for lack of merit	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
Total for disposition	392	396	282	230	212	285	370	385	318	
Complaints rescinded	0	0	0	0	0	0	0	3	2	1
Orders to cease and desist	92	73	44	52	48	67	48	108	63	
Settled by stipulations to cease and desist	0	0	6	3	1	3	3	3	0	1
Settled by acceptance of TPC rules	0	0	0	5	5	1	0	1	0	0
Dismissed for lack of merit	36	97	83	25	20	16	41	49	45	

Closed for other reasons 1	0	0	0	0	0	0	0	0	0
Total disposition during year	128	176	130	83	76	87	95	160	110
Pending end of year	264	220	152	147	136	198	275	225	208

TABLE 3.--*Complaints*--Continued

1933	1934	1935	1936	1937	1938	1939	1940	1941
------	------	------	------	------	------	------	------	------



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

	1927	1928	1929	1930	1931	1932	1933	1934
Pending beginning of year	8	3	3	35	3	8	15	2
Appealed	4	4	34	1	10	22	3	1
Total for disposition	12	7	37	36	13	30	18	3
Decisions for Commission	4	3	1	4	3	1	2	2
Decisions for others	2	1	1	26	1	11	13	0
Petitions withdrawn	3	0	0	3	1	3	1	0
Total disposition during year	9	4	2	33	5	15	10	2
Pending end of year	3	3	35	3	8	15	2	1

  

	1935	1936	1937	1938	1939	1940	1941
Pending beginning of year	1	3	5	3	27	31	27
Appealed	5	6	2	29	25	22	23
Total for disposition	6	9	7	32	52	53	50
Decisions for Commission	3	4	3	3	15	17	19
Decisions for others	0	0	0	0	2	2	1
Petitions withdrawn	0	0	1	2	4	7	7
Total disposition during year	3	4	4	5	21	26	27
Pending end of year	3	5	3	27	31	27	23

## CUMULATIVE SUMMARY--TO JUNE 30, 1941

Appealed	258
Decisions for Commission	107
Decisions for others	192
Petitions withdrawn	36
Total disposition	235
Pending June 30, 1941	23

1 This table lists a cumulative total of 92 decisions in favor of the respondents in Commission cases before 27 23Appealed 41 23

Decisions for others	0	1	0	0	5	1	0	0
Petitions withdrawn by Commission	0	0	0	0	1	0	0	0
Certiorari denied Commission	0	0	0	2	1	0	1	2
Certiorari denied others	0	0	0	0	2	1	1	1
Total disposition during year	0	1	0	4	9	2	2	3
Pending end of year	0	1	3	3	1	0	4	6

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

	1927	1928	1929	1930	1931	1932	1933	1934
Pending beginning of year	6	1	0	1	0	0	0	1
Appealed by Commission	1	0	0	1	1	0	8	12
Appealed by others	1	0	2	0	0	1	0	1
Total for disposition	8	1	2	2	1	1	8	14
Decisions for Commission	3	0	0	0	0	0	6	13
Decisions for others	2	0	0	1	1	0	0	1
Petitions withdrawn by Commission	0	0	0	1	0	0	0	0
Certiorari denied Commission	1	0	0	0	0	0	1	0
Certiorari denied others	1	1	1	0	0	1	0	0
Total disposition during year	7	1	1	2	1	1	7	14
Pending end of year	1	0	1	0	0	0	1	0

  

	1935	1936	1937	1938	1939	1940	1941
Pending beginning of year	0	0	1	0	0	1	1
Appealed by Commission	0	0	0	0	1	1	0
Appealed by others	0	4	0	2	1	10	5
Total for disposition	0	4	1	2	2	12	6
Decisions for Commission	0	0	0	0	0	0	2
Decisions for others	0	0	0	0	0	0	1
Petitions withdrawn by Commission	0	0	0	0	0	0	0
Certiorari denied Commission	0	0	0	0	0	1	0
Certiorari denied others	0	3	1	2	1	10	2
Total disposition during year	0	3	1	2	1	11	5
Pending end of year	0	1	0	0	1	1	1

CUMULATIVE SUMMARY--TO JUNE 30, 1941

Appealed by Commission	45
Appealed by others	34
Total appealed	79
Decisions for Commission	26
Decisions for others	13
Petitions withdrawn by Commission	2
Certiorari denied Commission	9
Certiorari denied others	28
Total disposition	78
Pending June 30, 1941	1

TABLE 6.--*Court proceedings--mandamus, injunction, etc.--lower courts*

	1919	1920	1921	1922	1923	1924	1925	1926
Pending beginning of year	0	1	4	5	6	4	4	4
Instituted by Commission	1	2	0	3	5	0	1	0
Instituted by others	1	2	2	3	0	0	0	1
Total for disposition	2	5	6	11	11	4	5	5
Decisions for Commission	1	0	1	3	0	0	0	0
Decisions for others	0	1	0	1	7	0	0	0
Petitions withdrawn by Commission	0	0	0	0	0	0	1	1
Petitions withdrawn by others	0	0	0	1	0	0	0	0
Total disposition during year	1	1	1	5	7	0	1	1

Pending end of year

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TABLE 6.-*Court proceedings--mandamus, injunction, etc.-lower courts--Con.*

	1927	1928	1929	1930	1931	1932	1933	1934
Pending beginning of year	4	5	3	2	1	1	2	1
instituted by Commission	1	0	2	0	1	0	1	0
instituted by others	1	2	1	2	0	2	0	2
Total for disposition	6	7	6	4	2	3	3	3
Decisions for Commission	1	1	4	1	1	1	2	2
Decisions for others	0	1	0	1	0	0	0	0
Petitions withdrawn by Commission	0	2	0	0	0	0	0	0
Petitions withdrawn by others	0	0	0	1	0	0	0	1
Total disposition during year	1	4	4	3	1	1	2	3
Pending end of year	5	3	2	1	1	2	1	0
				1935	1936	1937		

TABLE 7.--*Court proceedings-mandamus, injunction, etc.-Supreme Court or the United States--Continued*

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

  

	1935	1936	1937	1938	1939	1940	1941
Pending beginning of year	0	0	0	0	0	0	0
Appealed by Commission	0	0	0	1	0	0	0
Appealed by others	0	0	0	0	0	0	0
Total for disposition	0	0	0	1	0	0	0
Decisions for Commission	0	0	0	1	0	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	0	0	0	0	0	0	0
Total disposition during year	0	0	0	1	0	0	0
Pending end of year	0	0	0	0	0	0	0

CUMULATIVE SUMMARY--TO JUNE 30, 1941

Appealed by Commission	8
Appealed by others	2
Total appealed	10
Decisions for Commission	2
Decisions for others	5
Certiorari denied Commission	1
Certiorari denied others	2
Total disposition	10
Pending June 30, 1941	0

### **PART III. TRADE PRACTICE CONFERENCES**

PURPOSES OF TRADE PRACTICE CONFERENCE PROCEDURE

TRADE PRACTICE CONFERENCE ACTIVITIES DURING THE YEAR

INDUSTRY RULES IN EFFECT AND THEIR ADMINISTRATION

TYPES OF PRACTICES COVERED IN APPROVED RULES

GROUP I AND GROUP II RULES DEFINED



designed to aid fair competition and to elevate the standards of business ethics in harmony with public policy.

*Trade Practice Conference Division.*--This division is charged

the close of the year.) The industries above listed represent approximately a billion dollars in annual sales volume with thousands of manufacturing and marketing units. Their rules collectively constitute a noteworthy set of commercial guides in the interest of fair competition in business and consumer protection. The linen and hosiery rules in particular signify notable advances in collaboration of industry and the Government for the benefit of the public and wholesome business practices.

*Pending industry trade practice proceedings for establishment of rules.*--In addition to industries for which rules have been promulgated, trade practice proceedings were under way for other industries and at the close of the fiscal year were pending in different stages of development. Among these active proceedings are included industries

*Administration of rules.*--This work covers the necessary compliance



“hand loomed,” “hand printed,” “hand embroidered,” and similar representations, in describing linen products; and various other forms of misrepresentation, including false or misleading advertising and deceptive labeling respecting the quantity, quality, grade, size, material, content, composition, origin, use, manufacture, preparation, or distribution of any industry product; aiding or abetting another in the use of an unfair trade practice.

Various other rules provide for disclosure of fiber content and proper marking of textile merchandise made in the United States, including

aiding

**PART IV. WOOL PRODUCTS LABELING ACT**

COMMISSION BEGINS ADMINISTRATION OF NEW LAW  
DESIGNED TO PROTECT THE  
CONSUMING PUBLIC

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## **PART IV. WOOL PRODUCTS LABELING ACT**

### **COMMISSION BEGINS ADMINISTRATION OF NEW LAW DESIGNED TO PROTECT THE CONSUMING PUBLIC**

Passage of the “Wool Products Labeling Act of 1939” early in the fiscal year marked  
a ~~milestone~~ a r k e d



*Enforcement.*--The Commission has announced that in general its usual procedure will be employed in the enforcement of this statute. Such procedure, long established and repeatedly sanctioned by the courts, is primarily preventive rather than punitive. Under the terms of the act and the procedure of the Commission there is assured fair and impartial treatment, with full opportunity for hearing and court review. The Commission's announced policy is to effect compliance through voluntary cooperation wherever this is possible and consistent with the public interest.

While the act did not go into effect until shortly after the close of the fiscal year, extensive preparation for placing it in operation had been made during the year with every indication that effective compliance steps were being taken throughout the country by manufacturers, distributors, and dealers subject to the act.

During the 9 months period between the enactment and effective date of the statute, a large volume of correspondence was handled in advising and assisting those subject to its provisions. This involved many questions of the application of the act and the rules and regulations to specific problems and questions presented by members of industry or otherwise arising in the action necessary on the part of manufacturers and merchants to properly mark their wool products and to bring their business practices into harmony with the requirements of the law.

*The Wool Act, a protection to business and the public.*--The act as stated in its title is to protect producers, manufacturers, distributors, and consumers from the unrevealed presence of substitutes and mixtures in spun, woven, knitted, felted, or otherwise manufactured wool products. Provision is made for disclosure of fiber content, of loading and adulterating materials and of name through which the responsible manufacturer or distributor may be ascertained. When woolen or purported woolen fabric, clothing and other articles coming within the scope of the act are introduced into or sold in "commerce," the stamp, tag, label, or mark of identification affixed to the product shall disclose the percentages of "wool," "reprocessed wool," "reused wool," and of other fibers of which the article is made. Such label or mark, or a proper substitute therefor, is to remain on the merchandise until it reaches the ultimate purchaser.

Protection of the consumer, and safeguarding of fair practices in merchandise, are primary objectives. The law is directed against the evils of nondisclosure of content, of misinformation and mis-branding, of irresponsible labeling, with the purpose of eliminating the economic waste, the harmful exploitation, and the unfair competitive effects of such evils. A long-felt need in this regard is supplied by this statute to scrupulous business and to the purchasing public.



**PART V. RADIO AND PERIODICAL ADVERTISING**

SPECIAL PROCEDURE PROVIDES CONTINUOUS SURVEY OF PUBLISHED  
AND BROADCAST MATTER

**PART V. RADIO AND PERIODICAL ADVERTISING**

**SPECIAL PROCEDURE PROVIDES CONTINUOUS SURVEY OF PUBLISHED  
AND BROADCAST MATTER**

The Commission maintains its Radio and Periodical Division

disposing of the matters through an informal procedure, more fully explained on page 41, which permits their executing stipulations by which they agree to cease and desist from a procedure, in cases where the parties have agreed to do so. This procedure is also explained in the report of the Commission on the subject of "Informal Disposition of Matters" (1964), and in the report of the Commission on the subject of "Informal Disposition of Matters" (1965).

magazines and farm and trade journals of interstate distribution representing a combined reported circulation of 148,425,809.

Among these periodicals were included 296 issues of farm journals having a combined circulation of 17,778,421; 154 issues of trade journals and specialty publications with a combined circulation of 2,589,123; and foreign language publications having a circulation of 1,179,836.

In the aforementioned newspapers, magazines, farm and trade journals 377,764 advertisements were examined of which 25,022 were noted as containing representations that appeared to be false or misleading.

*Almanac advertising.*--As supplemental 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. This survey during the fiscal year covered the examination of 1,414 advertisements, resulting in 289 being set aside as warranting further investigation.

*Mail-order advertising.*--During the fiscal year the Commission procured catalogs and circulars containing an aggregate of 20,238 pages, being distributed periodically and seasonably by mail-order companies. Of the 54 mail-order houses included in the survey, 5 had combined annual sales in excess of \$1,303,737,420. In the examination of these 20,238 pages of advertising, 467 advertisements were marked as containing possibly false and misleading representations. 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 radio advertising, issues calls to individual radio stations, generally at the rate of 4 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 stations.

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During the fiscal year ended June 30, 1941, the Commission received 857,890 copies of commercial radio broadcast continuities, amounting to 1,737,181 pages of typewritten script. These comprised 1,197,199 pages

**CLASSIFICATION OF PRODUCTS**

<i>Commodity</i>	<i>Percent</i>	
Food, drugs, devices, and cosmetics:		
Food (human)	12.7	
Food (animal)	3.6	
Drugs	33.0	
Cosmetics	13.5	
Devices	2.5	
		65.3
Other products:		
Specialty and novelty goods	10.2	
Automobile, radio, refrigerator, and other equipment	3.7	

In addition, the Commission in 23 cases ordered issuance of complaint: in 11 instances where advertisers failed to stipulate; in 5 cases in which the advertiser was not given the opportunity to stipulate because of gross deception, and in 7 involving violation of the terms of existing stipulations previously accepted and approved. In 27 cases field investigations were ordered, including 5 wherein it appeared that application for injunction or criminal proceedings might be warranted. Also, 3 cases were referred to other governmental agencies as concerning matters more appropriately coming within their jurisdiction.

Nine hundred seventy-nine radio and periodical cases were pending on July 1, 1940, and 779 were pending on June 30, 1941.

*Commission has access to scientific services.*--In addition to receiving scientific advice from its Medical Advisory Division the Commission receives effective cooperation from other agencies of the Government. It has access to the laboratories, libraries, and other facilities of Federal Government agencies, including the National Bureau of Standards, United States Public Health Service, the Food and Drug Administration, and the Bureau of Home Economics and Bureau of Animal Industry of the Department of Agriculture, to any of which it may refer a matter for scientific opinion.

When necessary, the Commission obtains medical and other scientific information and opinions from nongovernmental hospitals, clinics, and laboratories. Such material and cooperation are often particularly helpful in enabling the Commission to reach sound and fair conclusions with respect to scientific and technical questions which come before it.

*Procedure in advertising cases.*--If it appears that a published or broadcast advertisement coming to the Commission's attention may be 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 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 sent to the advertiser, along with pertinent portions of the opinion. The advertiser is extended the privilege of submitting evidence in support of his claims; he may answer by letter



**PART VI. MEDICAL ADVISORY SERVICE**

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

## **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. In November 1940, the services of the medical adviser were required by the Public Health Service and he was recalled for duty in that bureau. It became necessary for the Commission to provide the entire personnel for the Medical Advisory Service, and it appointed a medical adviser as a member of the Commission's staff.

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. FOREIGN-TRADE WORK**

THE EXPORT TRADE ACT

EXPORTS IN 1940 TOTAL \$307,354,000

45 ASSOCIATIONS OPERATE UNDER THE ACT

TRUST LAWS AND UNFAIR COMPETITION ABROAD

## **PART VII. FOREIGN-TRADE WORK**

The Commission is charged with administration of the Export Trade Act (Webb-Pomerene law) and inquiries under section 6 (h) of the Federal Trade Commission Act, the latter of which directs investigation of trade conditions in and with foreign countries where associations, combinations or practices of merchants and traders may affect the foreign trade of this country.

### **THE EXPORT TRADE ACT**

The Export Trade Act, in operation since 1918, provides for export associations or cooperative groups engaged solely in export trade, and requires such organizations to file with the Commission copies of their organization papers and agreements, annual reports, and such other information as the Commission shall require concerning their operation.

The associations report that experience during the past year emphasized the advantages to be gained by group action in export trade. Events moved so swiftly in Europe that by the

Looking into the future, the associations feel that there will be more highly effective combinations of foreign buyers to deal with, as well as foreign government-controlled cartels, and that it will be more necessary than ever to meet these changed conditions by organized effort on the part of American exporters. With the return to world peace, the possibilities of trade in each market must be explored anew, and the expense entailed can best be borne by cooperative effort. (This suggestion is made by an association that includes a number of mills and its members will be in a position to share this item of expense.)

### EXPORTS IN 1940 TOTAL \$307,354,000

Exports by Webb law associations in 1940 reached a higher total than in 1939, due largely to an increase in shipments of metal products:

	<i>1939</i>	<i>1940</i>
Metals and metal products, including iron and steel, metal lath, pipe fittings and valves, screws, rail-way equipment, and electrical apparatus	\$134,950,000	\$207,498,000
Products of mines and wells, Including phosphate rock, potash, sulphur, and carbon black	18,750,000	16,587,000
Lumber and wood products, including pine, fir, redwood, hardwood, walnut, plywood, shooks, and wood naval stores	6,590,000	7,884,000
Food products, including canned milk, meat, rice, sugar, and fruit	20,010,000	12,297,000
Miscellaneous manufactures, including paper, abrasives, chemicals, textiles, rubber, glass, and pencils	56,760,000	63,088,000
	237,060,000	307,354,000

### 45 ASSOCIATIONS OPERATE UNDER THE ACT

The 45 export associations filing papers with the Commission at the end of the fiscal year, June 30, 1941, were:

American Box Shook Export Association, 308 Barr Building, Washington, D. C.  
 American Hardwood Exporters, Inc., 602 Carondelet Building, New Orleans.  
 American Provisions Export Co., 80 East Jackson Boulevard, Chicago.  
 American Soda Pulp Export Association, 230 Park Avenue, New York.  
 American Spring Manufacturers Export Association, 30 Church Street, New York.

American Tire Manufacturers Export Association, 30 Church Street, New York.  
 California Alkali Export Association, 530 West 6th Street, Los Angeles.  
 California Dried Fruit Export Association, 1 Drumm Street, San Francisco.  
 California Prune Export Association, 1 Drumm Street, San Francisco.  
 California Raisin Export Association, 1 Drumm Street, San Francisco.



California Rice Exporters, 351 California Street, San Francisco.

Carbon Black Export, Inc., 500 5th Avenue, New York.

Cement Export Co., Inc., The, c/o M. S. Ackerman, Treasurer, 150 Broadway, New York.

Copper Exporters, Inc., 50 Broadway, New York.

Douglas Fir Export Co., 1125 Henry Building, Seattle.

Durex Abrasives Corporation, 63 Wall Street, New York.

Electrical Apparatus Export Association, 7 Pine Street, New York.

Electrical Export Corporation, 122 East 51st Street, New York.

E4lectricUnitive

Pencil Industry Export Association, 703 East 13th Street, New York.

Phosphate Export Association, Room 1609, 393 7th Avenue, New York.

Pipe Fittings & Valve Export Association, The, 1421 Chestnut Street, Philadelphia.

Plate Glass Export Corporation, 2000 Grant Building, Pittsburgh.

Potash Export Association, Inc., c/o Fred N. Oliver, Secretary, 110 East 42d Street, New York.

Redwood Export Co., 405 Montgomery Street, San Francisco.

Rice Export Association, 1103 Queen & Crescent Building, New Orleans.

Rubber Export Association, Q u e e n



Production in some lines has been materially increased for war purposes; in others manufacture of less essential goods has been limited. Priority orders for defense and control of foreign trade to assure adequate supply at home, have been necessary. Defense organization calls for concentration and financial assistance under Government regulation; in some countries rigid control has been adopted. Efforts to

March 1941 to organize the schedules of vessels, distribute tonnage, fix rates and subsidize the service.

*Canada.*--An Order in Council on July 2, 1940, provided for a Wartime Industries Control Board and appointment of controllers for the major industries, under the Minister of Munitions and Supply. Controllers have been appointed for steel, metals production, timber, and for ship construction and repairs.

The Wartime Prices and Trade Board, established in 1939 as a protective measure against undue price increases, profiteering and hoarding of the necessities of life, includes the Commissioner of Tariff, the Combines Investigation Commissioner, the Director of Marketing Services in the Department of Agriculture, and other appointed members. Its personnel is drawn largely from already existing offices, and its investigations are conducted by the Combines Investigation Commission, the Royal Mounted Police, the Weights and Measures Branch of the Department of Trade and Commerce, the Bureau of Statistics, Tariff Board and Fuel Board. Products under

control include wool, sugar, fish, and other commodities and vegetable oils, as well as rentals, with an administrator and a technical advisor for each of these industries. The Wool Administrator, for instance, assembles and checks the requirements of Canadian mills, passes them on to the Wool Control authorities in England, Australia and New Zealand, and when necessary apportiones the materials available to the mills. Under increased authority in 1940, he may buy, sell, and store wool, process it, fix prices, ration supplies, license dealers, and license exports and imports. The Rental Administrator has cooperated



*Colombia.*--Decrees 1154 to 1157, June 18, 1940, cover a program for development of agriculture, manufacture and transportation facilities, and provisions for financing the plan which is made possible by negotiation of a loan from the Export-Import Bank of the United States, refunding of the internal debt at lower rates of interest, and the issuance of bonds. The Government proposes to survey and exploit native products, foodstuffs, medicinal products and raw vegetable, animal, and mineral materials.

*Cuba.*--Under the Cuban Constitution published in July 1940, the Government may grant exclusive manufacturing rights, termed "patents of industrial introduction" for the purpose of encouraging new factories and enlargement of existing plants. A patentee will be given for 15 years the sole right to manufacture, prepare or process for consumption or exportation articles that at that time are not produced or prepared in the national territory or the average production of which during the last five years has been less than 15 percent of the national consumption during that period.

*Denmark.*--Following German occupation of Denmark, in April 1940, a number of crisis laws were passed on May 28, 1940, including an act under which the Ministry of Commerce was given extended authority to require the production of books, accounts and files of commercial establishments, and to control and regulate prices. Prior to this time increased prices had been allowed if they were based upon replacement cost. Under the new law prices may be increased only if justified by a calculation of actual cost plus customary profits.

*France.*--In German occupied France a new constitution was adopted in July 1940, followed by various measures under which the Government was reorganized. A Law for the Control of Industrial Production, August 16, 1940, and decrees thereunder, required the formation of committees in each industry and trade, to function under the Minister for Industrial Production and Labor, to control production, standardize products to be sold, acquire raw materials, and regulate competitive conditions. All groups, syndicates and trade organizations are subject to control by the committees; some have already been dissolved and replaced by new organizations under Government direction.

Each industry is to be organized. In textiles, for instance, a decree published on October 30, 1940, provided for a General Committee for the Organization of the Textile Industry, to be governed

all of its dealings with public and private organizations, French or foreign.

A Central Bureau for the Allocation of Industrial Products was established by law on September 10, 1940, to issue regulations as to acquisition, allocation, stocking, sale and consumption of each of the products under control. Producers will be required to sell to specified buyers, and consumers required to purchase from specified suppliers. Directors may determine what products may be bought and sold, what stocks may be accumulated or disposed of, and may impose rules for transportation of the goods and levy taxes for establishing an equalized price.

A law dated December 7, 1940, directed reorganization of French agriculture on a corporate basis. All peanuts, landowners, and agricultural laborers are to be grouped into regional corporations under Government control. Farm benefits, insurance and cooperative functions will be centralized and directed.

Decree laws of December 6, 1940, and March 5, 1941, created central committees in each of the French colonies and directed each of the committees to prepare programs of production and exportation of colonial products, and to propose rules for control of enterprises in the colonies.

*Germany.*--An Ordinance on Price Fixing, dated November 23, 1940, became effective on March 12, 1941. All price agreements among producers or distributors, resale price maintenance agreements, and agreements affecting the calculation of cost on Government contracts, must be approved by the Price Commissioner, who may make his approval subject to other conditions, such as a requirement for modern equipment or rationalization in the industry, or maintenance of a fixed price over a period. Price, as covered in the ordinance, includes mark-up, charges for conversion, payment and delivery terms, and any other terms affecting prices directly or indirectly. Collusive bidding on Government contracts is forbidden, and all agreements or recommendations for bidding on such contracts must be approved by the Price Commissioner or the authorities in charge of the Government contracts.

In some industries complete reorganization has been directed by the Government; this is true of coal in which a newly formed Reich Coal Association will be under control of a Reich Coal Board. A new oil cartel will function as a holding company with monopoly of German foreign oil business. The cartel system or the newly formed trade groups will doubtless be extended to include the occupied areas. An illustration is found in the German cement cartel organized by order of the Minister of National Economy in October 1940; its



the distribution of finished products, and control all activities of industry and commerce, rationing the use of goods produced. A similar measure tightened control of agricultural production and distribution; heavy penalties are imposed on farmers withholding their goods from compulsory storage.

*Japan.*--After resignation of the Cabinet in July 1940, the new Government approved a number of plans for reorganization and more rigid

## FOREIGN-TRADE WORK

Bessarabia and Northern Bukovina became a part of the U.S.S.R. in August 1940. A Soviet decree on August 15 directed nationalization of banks and other credit institutions, railroad, bus, and water transport, industrial enterprises, electric stations, trading agencies, schools and hospitals, hotels, larger apartment houses, and dwellings, the owner of which have left the country as refugees. Land will also be nationalized, including farms, forests, metals, and mineral deposits.

In January 1941, a military regime was set up in Rumania and the principal industries brought under military control.

*Spain.*--A law dated December 8, 1940, provided for national syndicates for control of all producers and distributors in Spain, to be developed under the control, leadership, and direction of the National Delegation of Syndicates and the National Syndicalist Centers, which

A decree on September 6, 1940, directed a new People's Commissariat for Government Control, responsible for expenditures and advances to Governmental, cooperative, and other socialized organizations, institutions and enterprises. Decrees dated October 2 and 8, 1940, provided for training of a continual supply of new workers in Federal enterprises, such as mines, factories, transportation systems, and on the collective farms. A Federal labor reserve will be created and trained workers will be mobilized as soldiers of industry. Professional and skilled workers, as well as laborers, will be transferred from one plant or industry to another as they may be needed; it is forbidden by law for skilled men to leave a plant without Government permit.

The Resettlement Commission has continued its work, moving thousands of families from isolated areas into collective farm centers or village communes.

*Union of South Africa.*--*The War Measures Act*, 1940, gave to the Governor General power to make regulations for the maintenance of public order and to control situations arising as a result of war. The *Commandeering Law*, 1940, authorized the Government to take possession in time of war, of buildings, supplies and transportation facilities necessary for defense. A *Moratorium Act*, No.29, of 1940, was passed for the benefit of volunteers in military, service.

The entire South

**PART VIII. FISCAL AFFAIRS**

ACT PROVIDING FUNDS FOR COMMISSION WORK

APPROPRIATIONS AND EXPENDITURES FOR FISCAL YEAR

APPROPRIATIONS AND EXPENDITURES, 1915-41

## **PART VIII. FISCAL AFFAIRS**

### **APPROPRIATION ACT PROVIDING FUNDS FOR COMMISSION WORK**

The Independent Offices Appropriation Act, 1941 (Public, No. 459, 76th Congress), approved April 18, 1940, provided funds for the fiscal year 1941 for the Federal Trade Commission as follows:

For five Commissioners, and for all other authorized expenditures of the Federal Trade Commission in performing the duties imposed by law or in pursuance of law, including secretary to the Commission and other personal services, contract stenographic reporting services; supplies and equipment, law books, books of reference, periodicals, garage rentals, traveling expenses, including not to exceed \$.900 for expenses of attendance, when specifically authorized by the Commission, at meetings concerned with the work of the Federal Trade Commission, for newspapers and press clippings not to exceed \$600, foreign postage, and witness fees and mileage in accordance with section 9 of the Federal Trade Commission Act; \$2,240,000: *Provided*, That the Commission may procure supplies and expenses for

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*Appropriations, allotments, expenditures, liabilities, and balances for the fiscal  
year ended June 30, 1941*

	Amount available	Amount expended	Liabilities	Expenditures and Balances liabilities	
Federal Trade Commission 1941-- salaries, Commissioners and all other authorized expenses	\$2,240,000.00	\$2,119,267.93	\$47,988.31	\$2,167,256.24	\$72,743.78
Printing and binding, Federal Trade Commission, 1941	60,000.00	15,421.87	43,578.13	59,000.00	1,000.00
Total fiscal year 1941	2,300,000.00	2,134,689.80	91,566.44	2,226,256.24	73,743.78
Unexpended balances.					
Federal Trade Commission 1940	141,066.46	68,965.19	1,592.91	70,558.10	70,508.36
Printing and binding, Federal Trade Commission 1940	36,040.00	36,040.00		36,040.00	
Federal Trade Commission 1939	88,192.66	1,506.00	107.30	1,613.30	86,579.36
Federal Trade Commission 1938	1 8.15	1 6.90		1 6.90	1 1.25
Federal Trade Commission 1937	89.01	87.75		87.75	1.26
Federal Trade Commission 1936	5.44	5.44		5.44	
Federal Trade Commission 1935	47.32	47.32		47.32	
Federal Trade Commission 1932-33	152.89	1 52.89		1 52.89	
Federal Trade Commission 1932	1 200.00	1 200.00		1 200.00	
Federal Trade Commission 1921	1 34.00	1 34.00		1 34.00	
Total	2,565,145.85	2,241,047.71	93,266.65	2,334,314.36	230,831.49

1 Denotes red figure.

*Detailed statement of costs for the fiscal year ending June 30, 1941*

	Salary	Travel expense	Other	Total
Commissioners	\$49,999.20	\$266.74		\$50,265.94
Attorneys to Commissioners	18,979.35	26.10		19,005.45
Clerks to Commissioners	15,229.00			15,229.00
Messengers to Commissioners	5,861.57			5,861.57
Total	90,069.12	292.84		90,361.98
Administration:				
Office of the secretary	40,991.69			40,991.69
Accounts and Personnel Section	30,915.62			30,915.62
Detail: Other Government agencies	204.28			204.28
Docket Section	51,512.48			51,512.48
Hospital	2,067.61			2,067.61
Labor	2,580.07			2,580.07
Legal Research and Compiling	13,638.02			13,638.02
Library Section	18,263.51			18,263.51
Mail and Files Section	18,498.46			18,498.46
Messengers	18,049.60			18,049.66
In formation service	15,227.53			15,227.53
Publications section	44,854.21			44,854.21
Stenographic section	112,533.05		\$118.00	112,651.05
Supply and Service section	19,797.47			19,797.47
Communications			12,102.87	12,102.87
Contract service			358.38	358.38
Equipment			44,414.14	44,414.14
Miscellaneous			233.40	233.40
Repairs			4,296.98	4,296.98
Supplies			41,016.34	41,016.34
Transportation of things			1,202.46	1,202.46
Witness fees			2,358.60	2,358.60
Total	389,133.60		106,101.17	495,234.77
Legal:				
Application for complaints	370,615.99	37,823.37	4,449.66	412,889.02
Complaints	614,141.69	55,981.59	15,016.66	685,139.94
Detail Other Government agencies	1,290.35	102.05		1,392.40
Expert trade	6,975.55			6,975.55

Preliminary inquiries	198,835.91	14,096.17	1,429.24	214,361.32
Trade Practice Conferences	83,729.90	680.36		84,410.26
Total	1,275,589.39	108,683.54	20,895.56	1,405,168.49

*Detailed statement of costs for the fiscal year ending June 30, 1941--Continued*

	Salary	Travel expense	Other	Total
General investigations:				
Accounting methods and practices	\$29,636.39	\$275.95		\$29,912.34
Detail: Other Government agencies.	8,344.64			8,344.64
Industrial corporation financial reports	62,245.67			62,245.67
Methods and costs of distribution	69,743.50	2,021.19	\$82.73	71,847.42
Motor-vehicle investigation	1 50.17			1 50.17
Price Administration and Civilian Supply	136.33			136.33
Resale price maintenance investigation (1939)	7,735.45	752.23	6.50	8,494.18
Temporary National Economic Committee	17,870.31	19.90		17,890.21
Total	195,662.12	3,069.27	89.23	198,820.62
Printing and binding			51,461.87	51,461.87
Summary:				
Commissioners	90,069.12	292.84		90,361.96
Administration	389,133.60		106,101.17	495,234.77
Legal	1,275,589.39	108,683.54	20,895.56	1,405,168.49
General investigations	195,662.12	3,069.27	89.23	198,820.62
Printing and binding			51,461.87	51,461.87
Total	1,950,454.23	112,045.65	178,547.83	2,241,047.71

1 Denotes red figures.

1922	Lump sum	952,505.45	878,120.24	74,385.21
	Printing and binding	22,801.73	22,801.73	0



## **APPENDIXES**



use.

The Auditor for the State and Other Departments shall receive and examine all accounts of expenditures of the Commission. <sup>2</sup>

SEC. 3. That upon the organization of the Commission and election of its chairman, the Bureau of Corporations and the offices of Commissioner and Deputy Commissioner of Corporations shall cease to exist; and all pending

<sup>1</sup> The salary of the secretary is controlled by the provisions of the Classification Act of 1923, approved March --49-, 1923, 42 Stat. 1488.

<sup>2</sup> Auditing of accounts was made a duty of the General Accounting Office by the Act of June 10, 1921, 42 Stat. 24.



The Commission Is hereby empowered and directed to prevent persons, partnerships, or corporations, except banks, common carriers, subject to the Acts to regulate commerce, air carriers and foreign air carriers subject to the Civil Aeronautics Act of 1938, <sup>3</sup> and persons, partnerships, or corporations subject to the Packers and Stockyards Act, 1921, except as provided in section 406 (b) of said Act, from using unfair methods of competition in commerce and unfair or deceptive acts or practices in commerce.

(b) Whenever the Commission shall have reason to believe that any such person, partnership, or corporation has been or is using any unfair method of competition or unfair or deceptive act or practice in commerce, and if it shall appear to the Commission that a proceeding by it in respect thereof would be to the interest of the public, it shall issue and serve upon such person, partnership, or corporation a complaint stating Its charges in that respect

<sup>3</sup> 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 "and persons" (and following the words "to regulate commerce"), the following: "air carriers and foreign air carriers subject to the Civil Aeronautics Act of 1938."

and containing a notice of a hearing upon a day and at a place therein fixed at least thirty days after the service of said complaint. The person, partnership, or corporation so complained of shall have the right to appear at the place and time so fixed and show cause why an order should not be entered by the Commission requiring such person, partnership, or corporation to cease and desist from the violation of the law so charged in said complaint. Any person, partnership, or corporation may make application, and upon good cause shown may be allowed by the Commission to intervene and appear in said proceeding by counsel or in person. The testimony in any such proceeding shall be reduced to writing and filed in the office of the Commission. 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 to be served on such person, partnership, or corporation an order requiring such person, partnership, or corporation to cease and desist from using such method of competition or such act or practice. Until the expiration of the time allowed for filing a petition for review, if no such petition has been duly filed within such time, or, if a petition for review has been filed within such time then until the transcript of the record in the proceeding has been filed in a circuit court of appeals of the United States, as hereinafter provided, the Commission may at any time, upon such notice as it may deem proper, modify or set aside, aside, a3fati Tc (in) Tj 8.64 0 TD 0c..Tj -360.84 -12.96 TD 0.0109 Tc

prevent injury to the public or to competitors pendente lite. The findings of the Commission as to the facts, if supported by evidence, shall be conclusive. To the extent that the order of the Commission is affirmed, the court shall thereupon issue its



appeals, and if (1) the time allowed for filing a petition for 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 in accordance with the mandate of the circuit court of appeals shall become final on the expiration of thirty days from the time such order of the Commission was rendered, unless within such thirty days either party has instituted proceedings to

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 aftr Tc (the) Tj 1t2.96 T1.92 0 T TD 0d.3 0j 1.8 0 TD 0.0209 Tc (partnersh  
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conclusion of the testimony therein, if it shall be then of opinion that the complainant is entitled to relief, refer said suit to the commission, as a master in chancery, to ascertain and report an appropriate form of decree therein. The Commission shall proceed upon such notice to the parties and under such rules of procedure as the court may prescribe, and upon the coming in of such report such exceptions may be filed and such proceedings had In relation thereto as upon the report of a 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 complained of, in connection with the commission, e 0 0 7 6 T c 0 T w ( 7 i o n , ) y o p o e n

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investigation, e 0 0 7 6 T c 0 T w ( 7 i o n , ) y o p o e n





(2) By any means, for the purposes of inducing, or which

(b) No publisher, radio-broadcast licensee, or agency or medium for the dissemination of advertising, except the manufacturer, packer, distributor, or seller of the commodity to which the false advertisement relates, shall be liable under this section by reason of the dissemination by him of any false advertisement, unless he has refused on the request of the Commission to furnish the Commission the reasons and



three to seventy-seven, inclusive, of an Act entitled, “An Act to reduce taxation, to provide revenue for the Government, and for other purposes,” of August twenty-seventh, eighteen hundred and ninety-four; an Act entitled “An Act to amend sections seventy-three and seventy-six of the Act of August twenty-seventh, eighteen hundred and ninety-four, entitled ‘An Act to reduce taxation, to provide revenue for the Government, and for other purposes,’” approved February twelfth, nineteen hundred and thirteen; and also this Act.

“Commerce,” as used herein, means trade or commerce among the several States and with foreign nations, or between the District of Columbia or any Territory of the United States and any State, Territory, or foreign nation, or between any insular possessions or other places under the Jurisdiction of the United States, or between any such possession or place and any State or Territory of the United States or the District of Columbia or any foreign nation, or within the District of Columbia or any Territory or any insular possession

or other place under the Jurisdiction of the United States: *Provided*, That nothing In this Act contained shall apply to the Philippine Islands.

The word "person" or "persons" wherever used in this Act shall be deemed to include corporations and associations existing under or authorized by the laws of either the United States the laws of any of the Territories, the laws of any State; or the laws of any foreign country.

SEC. 2. 1 (a) That it shall be unlawful for any person engaged in commerce, in the course of such commerce, either directly or indirectly, to

wares, or merchandise, either to the other party to such transaction or to an agent, representative, or other intermediary therein where such intermediary is acting in fact for or in behalf, or is subject to the direct or indirect control, of any party to such transaction other than the person by whom such compensation is so granted or paid.

(d) That it shall be unlawful for any person engaged in commerce to pay or contract for the payment of anything of value to or for the benefit of a customer of such person in the course of such commerce as compensation or in consideration for any services or facilities furnished by or through such customer in connection with the processing, handling, sale, or offering for sale of any products

<sup>1</sup> This with

or commodities manufactured, sold, or offered for sale by such person, unless such payment or consideration is available on proportionately equal terms to all other customers 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 in the distribution of such products or commodities, with or without

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or short lines so located as to become feeders to the main line of the company so  
aiding in such construction or from acquiring

made illegal by the antitrust laws, nor to exempt any person from the penal provisions thereof or the civil remedies therein provided.

SEC. 8. \* \* That from and after two years from the date of the approval of this Act no person at THE same time shall be a director in any two or more corporations, any one of which has capital, surplus, and undivided profits aggregating more than \$1,000,000 engaged in whole or in part in commerce, other than banks, banking associations, trust companies, and common carriers subject to the Act to regulate commerce, approved February fourth, eighteen hundred and eighty-seven, If such corporations are or shall have been theretofore, by virtue of their business and location of operation, competitors, so that the elimination of competition by agreement between them would constitute a violation of any of the provisions of any of the antitrust laws. The eligibility of a director under the foregoing provision shall be determined by the aggregate amount of the capital, surplus, and undivided profits, exclusive of dividends declared but not paid to stockholders, at the end of the fiscal year of said corporation next preceding the election of directors, and when a director has been elected in accordance with the provisions of this Act it shall be lawful for him to continue as such for one year thereafter.

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violation of the law so charged in said



The Jurisdiction of the circuit court of appeals of the United States to enforce, set aside, or modify orders of the commission, authority, or board shall be exclusive.

Such proceedings in the circuit court of appeals shall be given precedence over other cases pending therein, and shall be in every way expedited. No order of the commission, authority, or board or the judgment of the court to enforce the same shall in any wise relieve or absolve any person from any liability under the antitrust Acts.

Complaints, orders, and other processes of the commission, authority, or board under this section may be served by anyone duly authorized by the commission, authority, or board, either (a) by delivering a copy thereof to the person to be served, or to a member of the partnership to be served, or to the president, secretary, or other executive officer or a director of the corporation to be served; or (b) by leaving a copy thereof at the principal office or place of business of such person; or (c) by registering and mailing a copy thereof addressed to such person at his principal office or place of business. The verified return by the person so serving said complaint, order, or other process set-

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ANNUAL REPORT OF THE FEDERAL TRADE COMMISSION

ting forth the manner of said service shall be proof of the 8Tc ( ) Tj 2.28 0 TD 0.0218 Tc (of) Tj o,

by this Act, it may reopen such original proceeding and may issue and serve upon such person its complaint, supplementary to the original complaint, stating its charges in that respect. Thereupon the same proceedings shall be had upon such supplementary complaint. as provided in section 11 of said Act of October 15, 1914. If upon such hearing the Commission shall be of the \_\_\_\_\_ that any act, practice, or method charged in said supplementary complaint has been committed, used, or carried on since the \_\_\_\_\_ date of this amendatory Act, or is being committed, used or carried on, in violation of said section 2 as amended 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 serve upon such person its order modifying or amending its original order to include any additional violations of law so found. Thereafter the provisions of section 11 of said Act of October 15, 1914, as to review and enforcement of orders of the Commission shall in all things apply to such modified or amended order. If upon review as provided in said section 11 the court shall set aside such modified or amended order, the original order shall not be affected thereby, but it shall be and remain in force and effect as fully and to the same extent as if such supplementary proceedings had not been taken.

SEC. 3. It shall be unlawful for any person engaged in commerce, in the course of such commerce, to be a party to, or assist in, any transaction of sale, or contract to sell, which discriminates to his knowledge against competitors of the purchaser, in that, any discount, rebate, allowance, or advertising service charge is granted to the purchaser over and above any discount, rebate, allowance, or advertising service charge available at the time of such transaction to said competitors in respect of a sale of goods of like grade, quality, and quantity; to sell, or contract to sell, goods in any part of the United States at prices lower than those 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.

ROBINSON-PATMAN ANTI-DISCRIMINATION ACT 181

SEC. 4. <sup>1</sup> Nothing in this Act shall prevent a cooperative



SEC. 5. That every association now engaged solely” in export trade, within sixty days after the passage of this Act, and every association entered into hereafter which engages solely In export trade, within thirty days after its creation, shall file with the Federal Trade Commission a verified written statement setting forth the location of its offices or places of business and the names and addresses of all its officers and of all its stockholders or members, and if a corporation, a copy of its certificate or articles of incorporation and by-laws, and if unincorporated, a copy of its articles or contract of association, and on the first day of January of each year thereafter it shall make a like statement of the location of Its offices or places of business and the names and addresses of all its officers and of all its stockholders or members and of all amendments to and changes In its articles or certificate of incorporation or in its articles or contract of association. It shall also furnish to the commission such information as the commission may require as to its organization, business, conduct, practices, management, and relation to other associations, corporations, partnerships, and individuals. Any association which shall fail so to do shall not have the benefit of the provisions of section two and section three of this Act, and It shall also forfeit to the United States the sum of \$100 for each and every day of the continuance of such failure, which forfeiture shall be payable into the Treasury of the United States, and shall be recoverable in a civil suit in the name of the United States brought in the district where be ~~in~~ h e d ~~wh~~ t r i c t

(Public, No.850, 76th Gong., Ch. 871, 3d Sess., S. 162)

AN ACT To protect producers, manufacturers, distributors, and consumers from the unrevealed 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*

(b) The term “wool” means the fiber from the fleece of the sheep or lamb or hair of the Angora or Cashmere goat (and may include the so-called specialty fibers from the hair of the camel, alpaca, llama, and vicuna) which has never been reclaimed from any woven or felted wool product.

(c) The term “reprocessed wool” means the resulting fiber when wool has been woven or felted into a wool product which, without ever having been utilized in any way by the ultimate consumer, subsequently has been made into a fibrous state.

(d) The term “reused wool” means the resulting fiber when wool or re-processed wool has been spun, woven, knitted, or felted into a wool product which, after having been used in any way by the ultimate consumer, subsequently has been made into a fibrous state.

(e) The term “wool product” means any product, or any portion of a product, which contains, purports to contain, or in any way is represented as containing wool, reprocessed wool, or reused wool.

(f) The term “Commission” means the Federal Trade Commission.

(g) The term “Federal Trade Commission Act” means the Act of Congress entitled “An Act to create a Federal Trade Commission, to define Its powers and duties, and for other purposes,” approved September 26, 1914, as amended, and the Federal Trade Commission Act approved March 21, 1938.

(h) The term “commerce” means commerce among the several States or t h e S n T c

(1) If it is falsely or deceptively stamped, tagged, labeled, or otherwise identified.

(2) If a stamp, tag, label, or other means of identification, or substitute therefor under section 5, is not on or affixed to the wool product and does not show--

(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 va Tc (the) Tj Tc (the) Tj 13.560 TDin manufacture all despi12. Tj

(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.

(3) In the case of a wool product

Trade Commission Act.

ENFORCEMENT OF THE ACT

SEC. 6. (a) Except as



the Commission may bring suit in the district court of the United States or in the United States 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 violation of this Act, it may, in its discretion, refer the matter to the Attorney General for prosecution.

## 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.

## EXCEPTIONS

SEC. 14. None of the provisions of this Act shall be construed to apply to the manufacture, delivery for shipment, shipment, sale, or offering for sale any

carpets, rugs, mats, or upholsteries, nor to any person manufacturing, delivering for shipment, shipping, selling, or offering for sale any carpets, rugs, mats, or upholsteries.  
Approved, October 14, 1940.

### **SHERMAN ACT<sup>1</sup>**

(U. S. C., Title 15, Sec. 1)

AN ACT To protect trade and commerce against unlawful restraints and monopolies

SECTION 1. Every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several States, or with foreign nations, is hereby declared to be illegal: *Provided*, That nothing herein contained shall render illegal, contracts or agreements prescribing minimum prices for the resale of a commodity which bears, or the label or container of which bears, the trade mark, brand, or name of the producer or distributor of such commodity and which is in free and open competition with commodities of the same general class produced or distributed by others, when contracts or agreements of that description are lawful as applied to intrastate transactions, under any statute, law, or public policy now or hereafter in effect in any State, Territory, or the District of Columbia in which such resale is to be made, or to which the commodity is to be transported for such resale, and the making of such contracts or agreements shall not be an unfair method of competition under section 5, as amended and supplemented, of the act entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," approved September 26, 1914: *Provided further*, That the preceding provisions not

shall make any such contract or engage in any such combination or conspiracy, shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding five thousand dollars, or by imprisonment

plained 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.

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.

<sup>3</sup> see footnote on p.187.

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 Pennsylvania Avenue at Sixth Street, Washington, D. C., on each business day at 10 a. m.

*Quorum.*--A majority of the members of the Commission shall constitute a quorum for the transaction of business.

## RULE II. THE SECRETARY

The Secretary is the executive officer of the Commission and shall have the legal custody of its seal, papers, records, and property; and all orders of the Commission shall be signed by the Secretary or such other person as may be authorized by the Commission.

## RULE III. SERVICE

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United States, or the highest court of any State or Territory of the United States, or the United States Court of Appeals for the District of Columbia, or the District Court of the United States for the District 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 Commission, but only after he has been afforded an opportunity to be heard in the matter.

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No former officer, examiner, attorney, clerk, or other former employee of this Commission shall appear as attorney or counsel for or represent any party in any proceeding resulting from any investigation, the files of which came to the personal attention of such former officer, examiner, attorney, clerk, or other former employee during the term of his service or employment with the Commission.

#### RULE V. INTERVENTION

Any person, partnership, corporation, or association desiring to intervene in a contested proceeding shall make application in writing, setting out the grounds on which he or it claims to be interested

The Commission may, by order, permit intervention by counsel or in person to such extent and

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## RULE VII. APPLICATIONS FOR COMPLAINT

Any person, partnership, corporation,

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 introduction or striking of evidence, to matters of procedure, or to any other matters coming within the scope of the trial examiner's authority shall be made to the trial examiner and shall be ruled on by him. All other motions in any proceeding, except as otherwise provided in these rules, shall be addressed to and shall be ruled on by the Commission, but in the case of motions to dismiss for alleged failure of proof based upon testimony taken before a trial examiner, the motion will be referred to the trial examiner for report and recommendation before a ruling is made by the Commission.

#### RULE XI. CONTINUANCE AND EXTENSION OF TIME

Except as otherwise expressly provided by law, the Commission, for cause shown, may extend any time limits prescribed for filing any papers, and may continue or adjourn any hearings. A hearing before a trial examiner shall begin at the time and place ordered by the Commission, but thereafter may be adjourned from time to time by the trial examiner or the Commission.

Applications for continuances and extensions of time should be made prior to the expiration of time prescribed by these rules.

#### RULE XII. HEARINGS ON COMPLAINTS

All hearings before the Commission or trial examiners on complaints issued by the Commission shall be public, unless otherwise ordered by the Commission.

Hearings shall be stenographically reported by the official reporter of the Commission and 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-



the United States.

Witness fees and mileage, and fees for depositions, shall be paid by the party at whose instance witnesses appear.

## RULE XVII. EVIDENCE

*Documentary.*--Where relevant and material matter offered in evidence is embraced in a document containing other matter not material or relevant and not intended to be put in evidence, such immaterial or irrelevant parts shall be excluded, and shall be segregated insofar as practicable.

*Objections.*--Objections to evidence before a trial examiner, a Commissioner, or the Commission, shall be in short form, stating the grounds of objections relied upon, and the transcript shall not include argument or debate thereon except as ordered by the trial examiner, a Commissioner, or the Commission. Rulings on such objections shall be part of the transcript.

## RULE XIX. DEPOSITIONS

The Commission may order evidence to be taken by deposition 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 having power to administer oaths.

Unless notice be waived, no deposition shall be taken except after at least five (5) days' notice to the parties within the United States, and fifteen (15) days' notice when deposition is to be taken elsewhere.

Any party desiring to take the deposition of a witness shall make application in writing, setting out the reasons why such deposition should be taken, and stating the time when, the place where and the name and post-office address

of which an admission is requested, or setting forth in detail the reasons why he can neither truthfully admit nor deny those, matters. Service required hereunder may be made upon a respondent either by registering and mailing or by delivering a copy of the documents to be served to the respondent or his attorney, or by leaving a copy at the principal office or place of business of either. Service upon the attorney supporting the complaint may be either by registering and mailing or by delivering a copy of the documents to be served to such attorney.

#### 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 exceptions shall include any additional facts which the person filing the exception may deem proper.

Citations to the record shall be made in support of the exceptions.

Seven (7) copies of the exceptions, signed, in ink, shall be filed.

A copy of such exceptions shall forthwith be served upon each of the other attorneys and respondents who were served with a copy of the trial examiner's report.

If exceptions are to be argued, they shall be argued at the time of final argument upon the merits.

#### RULE XXII. STATEMENTS OF FACTS

When, in the opinion of the trial examiner engaged in taking evidence in any proceeding upon complaint issued by the Commission, the size of the transcript, or complication or importance of the issues involved warrants, he may, of his own motion, or at the request of counsel, at the close of taking of evidence, announce to attorneys for the Commission and for respondents that the trial examiner will receive within such time as he shall fix, a statement in writing from attorneys for the Commission and attorneys for respondents setting forth, in concise outline, the contentions of each as to the facts proved in the proceeding. The time so fixed shall not change the times limited in Rule XX for filing report by the trial examiner or Rule XXIII for the filing of briefs.

Copy of any such statements shall be furnished to opposing counsel by the ~~party~~

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after filing 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



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RULE XXVI. REOPENING PROCEEDINGS

In any case where an order to cease and desist or an order dismissing a proceeding has been issued by the Commission , the Commission may (a) in the case of an order to cease and desist , at anytime until the transcript of the record in the proceeding has been filed in a ci7n7n an order



facilitate the proceeding and afford appropriate consideration of matters properly coming before the conference. A transcript of the conference proceedings shall be made, which, together with all rules resolutions, modifications, amendments or other matters offered, shall be filed in the office of the Commission be

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. Commission.

## **STATEMENT OF POLICY**



**Agricultural Income.**--Public Resolution No.61, Seventy-fourth Congress, approved August 27, 1935, called for an Inquiry with respect to "principal farm products," such as wheat, cotton, tobacco, livestock, milk, and potatoes. This resolution was amended by Public Resolution No.112, Seventy-fourth Congress, approved June 20, 1936, extending the investigation to "table and juice grapes, fresh fruits and vegetables." The



**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 existence, if any, of unfair trade practices or violations of the antitrust laws, and submitted its report, *Cement Industry*, to the Senate, June 9, 1933. Printed as Senate Document No. 71, Seventy-third Congress, first session (160 pages), the report indicated that rigid application of the multiple basing-point price system, universally used in the industry, tended to lessen price competition and destroy the value of sealed bids ; that manufacturers in concert with dealer organizations had engaged in activities which strengthened the system's price effectiveness ; that dealers' associations had engaged in practices designed to restrict sales to those recognized as legitimate dealers by the associations, and that such practices also tended to control sales terms. The report reiterated certain findings and conclusions of the Commission's earlier report on the cement industry made as a part of the price bases inquiry. (See Price Bases and Steel Investigations herein for further reference to basing-point systems.)

**Chain Stores.**--This inquiry was made pursuant to Senate Resolution No.224, Seventieth Congress, first session, adopted May 12, 1928. The Commission was directed to ascertain the advantages of chain stores as compared with other types of distribution and how far the increase in the former system depended upon quantity prices and whether or not such quantity prices were in violation of law and what legislation should be enacted to regulate them. The resolution also called for a report upon the extent to which practices of the chain stores had tended to monopoly or concentration of control, and the existence of any unfair methods and agreements in restraint of trade. The factual data, submitted in 33 separate reports published as docus

170, Seventy-second Congress, second session (53 pages).

ment No. 97, Seventy-third Congress, second session (40 pages).

<sup>1</sup> The Commission published *Chain Store System of Marketing and Distribution* (Progress Report), May 12, 1930, printed as S. Doc. No.146, 71st Cong., 2d sess. (6 pp.).



of print).

**Coal, Bituminous.**--An inquiry was

*I. Summary and Conclusions* was submitted May 31, 1922, and *Part II. Explanatory and Statistical Material Supporting Part I*, July 6, 1922. They were published by the Commission  
In



It covered the development of the cooperative movement in the United States and illegal interferences with the formation and 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 in 1917 and 1918. One of the first products for which the Government established a definite in

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.**--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, directed the Commission to investigate certain practices of corporations operating cottonseed-oil mills. The purpose was 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. A preliminary report, *Investigation of the Cottonseed Industry*, was submitted to the Senate February 28, 1930, and printed as Senate Document No. 91, Seventy-first Congress, second session (4 pages, out of print). The final report (207 pages) was submitted to the Senate on May 19, 1933. This report and 12 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*.

**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. Entitled *The Cotton Trade*, the Commission report containing bo fD 0.0359 Tc 0 TI

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**--Tills 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*

January 18, 1922, authorized an Inquiry into practices of the flour-milling industry. The report on the inquiry showed the costs of production

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 an

*and Grain Futures* (374 pages), September 10, 1924; VII. *Effects of Future Trading* (419 pages), June 25, 1926. (See also Grain Exporters and Grain-Wheat Prices.)

**Food Investigation--Meat Packing.**--As a part of the food inquiry ordered by President Wilson on February 7, 1917, a comprehensive inquiry was made into the meat-packing industry. Evidence was obtained of a combination among meat packers and of various unfair methods of



an extensive investigation was undertaken of competitive conditions affecting Americans in international trade. The report disclosed the marked advantages of many other nations in foreign trade by reason of their superior facilities and more effective organizations. The Webb-Pomerene Act authorizing the association of manufacturers for export trade was enacted as a direct result of the recommendations embodied in the report. Submitted to Congress June 30, 1916, the report 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

average net Increase was 1.04 cents. The report, *Gasoline Prices*, was submitted to the Senate May 10, 1934, and printed as Senate Document No. 178, Seventy-third Congress, second session (22 pages).

**Grain Exporters.**--The low prices of export wheat gave rise to this inquiry, which was made pursuant to Senate Resolution No. 133, Sixty-seventh Congress, second session, adopted December 22, 1921. The study developed facts regarding extensive and harmful speculative manipulations of prices on the grain exchanges

and conspiracies

*Situation*, was submitted to the House of Representatives January 23, 1918, and printed as House Document No.857. Sixty-fifth Congress, second session (5 pages, out of print) . The Commission's *Report on Leather and Shoe Industries* (180 pages), dealing with the costs and prices of leather and shoes. was submitted to Congress August 21,1919.

**Leather and Shoes**--A further study of leather

**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, out of print). (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. In consequence of the Commission's findings and recommendations, the Department of Justice proceeded against certain of these associations for violations of the antitrust laws. The information obtained in the investigation was presented in a series of published Commission reports revealing the activities and attitude of lumber manufacturers toward national legislation, amendments to the revenue laws, elimination of competition of competitive woods, control of prices and production, restriction of reforestation, and other matters. The *Report of the Federal Trade Commission on Lumber Manufacturers' Trade Associations*, incorporating reports of January 10, 1921 (Part I. Preliminary Survey of Lumber Manufacturers' National and Regional Trade Associations) ; February 18, 1921 (Part II. Southern Pine Association of New Orleans, La.) ; June 9, 1921 (Part III. Douglas Fir Lumber Manufacturers' and Loggers' Associations) ; and February 15, 1922 (Part IV. Western Pine Manufacturers' Association), was printed (150 pages,. out of print) . On January 24, 1923, the Commission submitted to Congress and the Attorney General the *Report of the Federal Trade Commission on Western Red Cedar Association, Lifetime Post Association, and Western, Red Cedarmen's information Bureau*, the

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investigated were the fairness of milk prices to producers and of canned milk prices to consumers, and whether they were affected by fraudulent or discriminatory practices. The report showed a marked concentration of control in the industry and questionable practices by butter manufacturers in the buying and handling of cream, many of which practices have since been recognized as unfair by the trade itself. The Report of the *Federal Trade Commission on Milk and Milk Products, 1914-18*, was submitted to the Senate June 6, 1921, together with a

**Milk and Dairy Products.**--This inquiry into conditions with respect to the sale and distribution of milk and other dairy products was made pursuant to House Concurrent Resolution No. 32, Seventy-third Congress, second session, adopted June 15, 1934. The titles of seven reports issued are: *Report of the Federal Trade Commission on the Sale and Distribution of Milk Products, Connecticut and Philadelphia Milksheds*, submitted April 5, 1935, and printed with testimony as House Document No. 152, Seventy-fourth Congress, first session (901 pages), and without testimony as a Commission publication (105 pages); *Report of the Federal Trade Commission on the Sale and Distribution of Milk and Milk Products (Connecticut and Philadelphia)*, interim report submitted December 31, 1935, and printed as House Document No. 387, Seventy-fourth Congress, second session (125 pages); *Chicago Sales Area*, submitted April 15, 1936, and printed as House Document No. 451, Seventy-fourth Congress, second session (103 pages); *Boston, Baltimore, Cincinnati, St. Louis*, submitted June 4, 1936, and printed as House Document No. 501, Seventy-fourth Congress, second session (243 pages); *Twin City Sales Area*, submitted 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, 1930, 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 were 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 President Roosevelt 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 which, see Taxable and Tax Exempt Income). The national wealth was estimated to have been \$353,000,000,000 in 1922 and the national income to have been \$70,000,000,000 in 1923. The nature of the wealth and income and their distribution among various classes were also shown. The report, *National Wealth and Income*, was submitted to the Senate May 25, 1926, and printed as Senate Document No. 126, Sixty-ninth Congress.

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prices to wholesalers and retailers were maintained among members. The report, *Open Price Trade Associations*, was submitted to the Senate February 13, 1929, and printed as Senate Document No.226, Seventieth Congress,

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in the question of packer participation in unrelated lines. The report, *Packer Consent Decree*, recommended the enforcement of the decree against the Big Five packing companies. It was submitted to the Senate February 20, 1925, and printed as Senate Document No.219, Sixty-eighth Congress, second session (44 pages, out of print). (See also Food Investigation--Meat Packing and Meat-Packing Profit Limitations.)

**Paper--Book.--**Made pursuant to Senate Resolution No.269, Sixty-fourth Congress, first session, adopted September 7, 1916, this inquiry 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. A report, *Book Paper Industry--A Preliminary Report*, was submitted to the Senate June 13, 1917, and printed as Senate Document No. 45, Sixty-fifth Congress, first session (11 pages, out of print), and *Book Paper Industry--A Final Report*, was submitted to the Senate August 21, 1917, and printed as Senate Document No. 79, Sixty-fifth Congress, first session (125 pages)

**Paper--Newsprint.--**A sharp

*Prices and Competition Among Peanut Mills.* was submitted to the Senate June 30, 1932, and printed as Senate Document No. 132. Seventy-second Congress, first session (78 pages).

**Petroleum.**--See also Gasoline Reports.

**Petroleum Decree Investigation.**--Pursuant to duty imposed upon and the power granted to it under section 6 (c) of the Federal Trade Commission Act, and at the request of the Attorney General made April 16, 1936, the Commission conducted an Investigation of determine the manner in which a consent decree entered September 15, 1930, In the case of the United States

against the Standard Oil Co. of California, Inc., and others, had been or was being observed. The decree in question perpetually enjoined and restrained 7 major oil companies, 12 Independent oil companies, and 1 individual, operating primarily on the Pacific coast, from conspiring to monopolize and restrain interstate trade and commerce in the manufacture, transportation, or sale of gasoline in violation of the Sherman Antitrust Act. The Commission submitted its report to the Attorney General on April 2, 1937.

**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 interests in this country by the Dutch-Shell concern, and alleged discrimination practiced against Americans in foreign countries, caused this inquiry which developed the situation in a manner to promote greater participation in reciprocity. The *Report of the Federal Trade Commission on Foreign Ownership in the Petroleum Industry* was submitted to the Senate February 12, 1923, and printed (152 pages).

**Petroleum Industry.**--This inquiry was made pursuant to Senate Resolution No. 31, Sixty-ninth Congress, first session, adopted June 3, 1926. A comprehensive study covered all branches of the industry from the ownership of oil lands and the production of crude petroleum to the conversion of petroleum into finished products and their distribution to the consumer. The report described the influences affecting the movements of gasoline and other products and discussed the organization and control of the various important concerns in the Industry. No evidence was found of any understanding, agreement, or manipulation among the large oil companies to raise or depress prices of refined products. The report, *Petroleum*

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**Petroleum Prices--1920.**--Pursuant to House Resolution No.501, Sixty-sixth Congress, second session, adopted April 5, 1920, a brief inquiry was made into the high prices of petroleum products. The report pointed out that the Standard companies practically made the prices in their several marketing territories and avoided competition among themselves. Various constructive proposals to conserve the oil supply were made by the Commission. The report, *Advance in the Prices of Petroleum Products*, was submitted to the House June 1, 1920, and printed as House Document No.801, Sixty-sixth Congress, second session (57 pages).

**Petroleum--Wyoming.**--Complaints of several important producing companies in the Salt Creek oil field led to this investigation, which was made on



These were adopted by the raisin growers. The report, in the form of a letter entitled *California Associated Raisin Co.*, was made to the Attorney General, June 8, 1920 (processed, 26 pages, out of print).

**Resale Price Maintenance.**--The question whether a manufacturer of standard articles, identified by trade-mark or trade practice, should be permitted to fix by contract the price at which the purchasers could resell them, led to this inquiry which was made on motion of the Commission. The Commission recommended to Congress the enactment of legislation permitting resale-price maintenance under certain conditions. The report, *Resale Price Maintenance*, submitted to the House of Representatives, December 2, 1918, was in the form of a letter to

Congress, printed as House Document No.1480, Sixty-fifth Congress, third session (3 pages, out of print).

**Resale Price Maintenance.**--*A Report on Resale Price Maintenance* was made on motion of the Commission in the form of a letter addressed to Congress, June 30, 1919, and was printed as House Document No.145, 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 conducted from the point of view of the economic advantages or disadvantages of resale-price maintenance to the manufacturer, distributor, and consumer, the effects on costs, profits, and prices, and the purpose and results of price cutting. Part I of the report, *Resale Price Maintenance*, was submitted to Congress January 30, 1929, and printed as House Document No.546, Seventieth Congress, second session (141 pages, out of print); Part II (final), was submitted on June 22, 1931, and printed (215 pages).

**Resale Price Maintenance.**--This inquiry developed facts concerning the effects of resale price maintenance on the interests of manufacturers, wholesalers, retailers, and consumers of price maintained and competing non-price-maintained articles. A report on the investigation was in course of preparation at the close of the fiscal year, 1940-41.

**Salaries Inquiry.**--This inquiry was made pursuant to Senate Resolution No. 75, Seventy-third Congress, first session, adopted May 29, 1933, which directed that an inquiry be made by the Commission by the end of the fiscal year 1934, and that the report be submitted to the Commission by the end of the fiscal year 1935.

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system incorporated in the code, composition of the delivered selling prices which the code imposed, the influence of various code restrictions on competition, and a general analysis of price increases attributable to the organized efforts of the industry. The Commission found that adherence to the code required violation by certain producers of the cease and desist order issued some years before by the Commission against the basing-point

system in the "Pittsburgh Plus" case.

which had issued stock dividends, together with the amount of such stock dividends, since the decision of the Supreme Court, March 8, 1920, holding that stock dividends were not taxable. The same information for an equal period prior to that decision was called for. The report, *Stock Dividends*, contains a list of 10,245 such corporations and a brief discussion. The report points out that the declaration of stock dividends at the rate prevailing for a few years preceding the date of its p

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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 forwarded to approximately 2,600 textile manufacturing companies. Material for immediate comparable results was transmitted by 765

*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

It also recommended enactment of legislation similar to the Cotton Standardization Act, which would make mandatory existing classification under the Tobacco Stocks and Standards Act. The *Report on Marketing of Leaf Tobacco in the Flue-Cured Districts of the States of North Carolina and Georgia* was released May 23, 1931 (54 pages processed).

**Tobacco Prices.**--This inquiry was made pursuant to House Resolution No. 533, Sixty-sixth Congress, second session, adopted June 3, 1920. The resolution

asked for an investigation of the cause of the decline of loose-leaf tobacco prices following the harvesting of the 1919 crop. The report attributed the decline in prices of some grades of tobacco to a combination of 3 factors: (1) a lessening of foreign purchases due to unfavorable exchange rates and the contraction of domestic credits, resulting in unfavorable financial condition; (2) an increase in quantity of low grades for domestic absorption due to crop conditions and falling foreign markets, and (3) purchasing methods of large buyers. The Commission recommended that the decree of 1911 dissolving the old Tobacco Trust be modified to prohibit permanently the use of common purchasing agencies by certain of the tobacco companies and to prohibit their purchasing tobacco under any but their own names. A better system of grading tobacco was also recommended. The *Report of the Federal Trade Commission on the Tobacco industry*, was submitted to the House, December 11, 1920, and printed (162 pages).

**Tobacco Prices.**--This inquiry was made pursuant to Senate Resolution No. 129, Sixty-seventh Congress, first session, adopted August 9, 1921. Among the subjects investigated were the low prices of leaf tobacco and the high prices of manufactured tobacco products. From evidence gathered it was alleged that several large companies were engaged in conspiracies with their customers, the jobbers, to enhance the selling prices of tobacco. Proceedings were instituted by the Commission. In its report, the Commission renewed the recommendations for prohibiting the use by certain of the tobacco companies of common purchasing agencies and 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.**-- Authorized by President Wilson as of July 22, 1915, this inquiry 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 President under date of June 30, 1916, and printed (246 pages, out of print).

**Utility Corporations.**--This inquiry, also known as the Electric and Gas Utilities investigation, was made pursuant (1) to Senate Resolution No. 83, Seventieth Congress, first session, adopted February 15, 1928, (2) Public Resolution No. 46, also known as Senate Joint Resolution No. 115, Seventy-third Congress, second session, adopted June 1, 1934, and (3) to section 6 of the Federal Trade Commission Act.

Senate Resolution No. 83 directed the Commission to investigate the growth of the capital assets and liabilities of public-utility corporations doing an inter-state business in electrical energy or gas, and of their holding companies and other companies controlled by such holding companies, the method of issuing securities, the value received, the commissions paid, and so forth, the extent to which holding companies controlled financial engineering, construction, or management corporations and their corporate interrelations with such companies and their operating utility companies, the services furnished and the fees received therefor, the earnings and expenses of all such companies, the value or detriment to the public of such holding companies, and what remedial legislation should be adopted; also the efforts of such companies, directly or indirectly, to influence public opinion with respect to municipal ownership of electric utilities, or to influence the elections of certain Federal officers or United States Senators. The

second resolution directed the Commission to conclude the investigation and submit Its final report in January 1936.

During the Investigation monthly interim reports presented many hundreds of detailed reports by Commission accountants, attorneys, engineers, economists, and statisticians, based on examination of corporation accounts and other records. These data and the oral testimony of the experts and other witnesses are included in 84 printed volumes which, with 11 summary, final, index, and appendix volumes, or a total of 95, were published as Senate Document No.92, Seventieth Congress, first session, under the general title, *Utility Corporations*. Several of the earlier published volumes are out of print.

The final and summary volumes, their subtitles (omitting certain routine designations), dates of submittal and numbers of pages, are as follows:

*No. 69-A, Compilation of Proposals and Views for and Against Federal Incorporation or Licensing of Corporations and Compilation of State Constitutional, Statutory, and Case Law Concerning Corporations, With Particular Attention to Public Utility Holding and Operating Companies*, September 15, 1934 (618 pages).

*No. 71.-A. Efforts by Associations and Agencies of Electric and Gas Utilities to Influence Public Opinion*, December 12, 1934 (486 pages).

*No. 71--B, Index of Association Publicity and Propaganda and Index of Names in Parts 1 to 20, Inclusive, and Accompanying Exhibit Volumes*, November 27, 1934 (545 pages).

*No. 72-A. Economic, Financial and Corporate Phases of Holding and Operating Companies of Electric and Gas Utilities*, June 17, 1935 (882 pages).

*No. 73-A, Holding and Operating Companies of Electric December 12, 1934 (486 pages).*

Post Office Department, Shipping Board, Emergency Fleet Corporation and Railroad

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