

Annual  
Report  
of the **FEDERAL  
TRADE  
COMMISSION**

For the Fiscal Year Ended  
June 30, 1958

Federal Trade Commission

JOHN W. GWYNNE, Chairman

ROBERT T. SECREST

SIGURD ANDERSON

WILLIAM C. KERN

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## EXECUTIVE OFFICE OF THE FEDERAL TRADE COMMISSION

Pennsylvania Avenue at Sixth Street Northwest,  
Washington 25, D.C.

### Branch Offices

Room 102, Federal Trade Commission  
Building, Washington 25, D. C.

Room 413, Masonic Temple Building,  
New Orleans 12, La.

Room 3004, U. S. Courthouse, Foley  
Square, New York 7, N.Y.

Room 811, U. S. Courthouse, Seattle 4,  
Wash.

Room 1310, 226 West Jackson Boulevard,  
Chicago 6, Ill.

Room 1128, Standard Building,  
Cleveland 13, Ohio.

Room 306, Pacific Building, San  
Francisco 3, Calif.

Room 808, Sharp Building, Kansas City,  
Mo.

Room 915, Forsyth Building, Atlanta 3,  
Ga.

### Field Offices for Wool, Fur, and, Flammable Fabrics

Room 3004, U.S. Courthouse, Foley  
Square, New York 7, N. Y.

Room 1304, 1114 Commerce Street,  
Dallas 2, Tex.

Room 401,408 Atlantic Avenue, Boston  
10, Mass.

Room 306, Pacific Building, San  
Francisco 3, Calif.

Room 1310, 226 West Jackson  
Boulevard, Chicago 6, Ill.

Room 40G, 215 W. Seventh St., Los  
Angeles 14, Calif.

Room 1003-c, U. S. Court and Custom  
House, St. Louis 1, Mo.

Room 1128, Standard Building,  
Cleveland 13, Ohio.

Room 3030— A, U. S. Courthouse,  
Philadelphia, Pa.

## Letter of Transmittal

FEDERAL TRADE COMMISSION,  
Washington, D. C.

To the Congress of the United States:

It is a pleasure to transmit herewith the Forty-fourth Annual Report of the Federal Trade Commission, covering its accomplishments during the fiscal year ended June 30, 1958.

By direction of the Commission.

JOHN W. GWYNNE,  
Chairman.

THE PRESIDENT OF THE SENATE.  
THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

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would show up under the spotlight of industry and public awareness of the problem, the better to be attached by the Commission's mandatory processes.

The guides augment the existing voluntary compliance program whereby trade practice rules reflecting the law's requirements are promulgated for a particular industry. The trade practice rules provide guidance for an industry at all points covered by the FTC's laws, whereas the guides are directed at particular sore spots.

One of these was automobile the advertising in which names and descriptions of different grades of tires deceive the public. 12-point guide was remarkably successful in inducing the manufacturers to correct their labeling and advertising, and has likewise influenced the pattern of retail tire advertising to a considerable degree.

At the fiscal year's end, the Commission was readying, an even more ambitious guide designed to halt fictitious pricing of all goods sold in interstate commerce. This guide also would support an organized effort by private groups devoted to honest advertising so that they might simultaneously attack the same evil at a local level where the FTC lacks jurisdiction.

A valid conclusion to be drawn from these efforts is that the Commission recognizes that its mandatory processes alone are hard put to halt unfair competition in an economy as vast as ours—whose advertising bill alone is about \$11 billion. For a staff of 738, the sheer volume of formal actions needed to stop all significant violations of the law poses an awesome task. However, the Commission by giving new emphasis the function to inform businessmen aggressively on the requirements of the law-plus a maximum effort to erect guideposts in the form of adversary proceedings against law violators -is achieving the purposes Congress intended for it.

Without effective action against violators of the law, efforts to obtain voluntary compliance with it would be fruitless. A businessman who is persuaded to forego illegal methods of competition will not long remain a convert if his uncooperative competitor is permitted to undercut him

previous year. The compelling factor in case selection was the public interest involved.

Evidence of this is the fact that during fiscal 1908 the Commission was prosecuting more alleged illegal mergers than ever before in its history. In enforcing; section 7 of the Clayton Act (the antimerger law), 7 new complaints were issued, 3 orders of divestiture obtained, and 12 other cases were in various stages of litigation. The respondents included the Nation's second largest producer of paper and paper products, Crown-Zellerbach Corp., which was ordered to divest itself of a major competitor it had acquired. Another order directed the Nation's No. 1 producer of coin-operated vending machines to give up exclusive patent and trade-mark rights it had obtained by acquiring a major competitor. Meanwhile complaints were issued challenging acquisitions by the country's second largest chemical company, the No. 2 sugar refiner, the Nation's leading producer of soap and detergent products, a major producer and manufacturer of aluminum products, and a multimillion dollar food processor and retailer.

The greatest number of antitrust cases brought during the year attacked illegal discrimination in prices and promotional allowances and services. Outlawed by the Robinson-Patman Amendment to the Clayton Act, these discriminations accounted for 61 complaints and 39 orders during fiscal 1968.

Among the corrective actions taken in this field, the Commission issued cease and desist orders prohibiting price discrimination by one of the Nation's leading breweries, by two

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was that 13 were ordered to cease and desist; the other 3 still were in trial at the year's end. Meanwhile complaints alleging discriminatory promotional allowances were served on three major tobacco companies and a half dozen large concerns producing miscellaneous products such as brassieres, watches, and cameras.

Still another form of favoritism was attacked in a complaint against the world's largest manufacturer of shoes. The International Shoe Co. was ordered to stop giving financial benefits to shoe retailers who agreed not to handle competitors' products. Similar actions to protect retailers from having to deal exclusively in a manufacturer's or distributor's products were

At first glance it would seem that a merchant commits only trifling offense by advertising goods at a reduction from a former price that is fictitiously high. Yet, the effect of such advertised "bargain" prices is to force competitors to the same kind of trickery. A leak in the dike of advertising integrity thus gains in volume, with a potential of inundating public confidence in advertised claims. Should this occur in any important degree, the effect would be dire indeed, for advertising not only buttresses all but provides vital support for the development of new business products. In short, the Commission does not intend to permit the policing of fictitious pricing to become a "horseshoe nail for the want of which a kingdom is lost."

In numbers, of complaints and orders, the Commission's efforts to halt deception were greatest in the fields of wool and fur labeling. New actions to prevent mislabeling of furs rose more than 70 percent over those taken in fiscal 1957, while the 36 complaints aimed at improper labeling of wool represented a 38 percent, increase over the previous year. This step-up in activity represents a 54.8 percent increase in the number of complaints filed in 1958 over those filed in 1957, while the number of orders issued rose 70.4 percent over those issued in 1957. The number of complaints filed in 1958 was 36, compared with 23 in 1957, and the number of orders issued was 16, compared with 9 in 1957. The number of complaints filed in 1958 was 36, compared with 23 in 1957, and the number of orders issued was 16, compared with 9 in 1957.

offered

During fiscal 1958 the Compliance Division handled over 1,800 separate matters with respect to 680 cases., which included the institution of 162 compliance investigations and the review of 490 reports of compliance in its continuing survey of older outstanding orders. In addition, the Commission's Appellate Division completed 27 litigated cases, including before the Supreme Court in cooperation with the Solicitor General's office and others before 10 of the 11 United States courts of appeals and four district courts.

The year saw increased interest by the Congress in Commission activities, the laws that the Commission administers, and proposals to improve such laws and expanded Commission jurisdiction. Among the proposals that were later to be enacted were: (1) an amendment of the Packers and Stockyards and Federal Trade Commission Acts to revest in the Federal Trade Commission jurisdiction over practices, other than meat-packing, of packers" who were totally exempt from jurisdiction of the Commission, and (2) a bill requiring appropriate labeling and prohibiting false advertising of textile fiber products with enforcement authority vested in the Federal Trade Commission.<sup>1</sup>

Among the legislative proposals strongly urged by the Commission, but which failed of enactment, were amendments of the Clayton Act (1) to require advance notice to the Commission of proposed mergers by businesses of significant size engaged in interstate commerce; (2) to authorize the Commission to seek preliminary injunctions in Federal district courts with respect to mergers which it has reason to believe are or would be in violation of the law; and (3) to provide that cease and desist orders issued by the Commission for violations of the Clayton Act be final in the same way as orders under the Federal Trade Commission Act.

These legislative proposals will continue to receive the Commission's support for the reason that each would make possible faster and more effective action to maintain fair business competition.

In summary, these are the highlights of the Commission's performance in fiscal 1958.

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<sup>1</sup> Such legislation was enacted subsequent to the closing of the fiscal year as P. L. 85-909, Sept. 2, 1958, and P. L. 85-897, Sept. 2, 1958, respectively.



hearing, the, Commission finds that the practices in question violate the act, it is empowered to issue a cease and desist order against the offending party or parties. Such an order may be appealed from the Commission to a United States court of appeals, which is authorized to review the proceeding and to affirm, enforce, modify, or set aside the Commission's order. Thereafter, the case may be taken to the Supreme Court of the United States upon writ of certiorari.

Originally, the cease and desist orders issued under the Federal Trade Commission Act were enforceable only by the appellate court through contempt proceedings, after its action had transformed the order into a decree of the court. The 1938 Wheeler-Lea amendments provided for a civil penalty action in the United States district court for violation of such final cease--and-desist orders. Under this provision the orders become final either through affirmance by the Court of Appeals or at the end of 60 days in the event no appeal is taken. If the order is violated after becoming final, a civil penalty suit may be instituted by the United States. Such an action is m c ( )

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powers conferred by section 6. This section empowers the Commission to gather and compile information concerning,

Section 2 of the Clayton Act, amended by the Robinson-Patman Act—Discriminatory Pricing .<sup>5</sup>—Subject to specified justification and defenses, this section provides that it shall be illegal to discriminate in price between different purchasers of commodities of like grade and quality sold for use, consumption, or resale within the United States, where the effect of the discrimination "may be substantially to lessen competition or tend to create a monopoly in any line of commerce, or to injure, destroy, or prevent competition with any person who either or ~~offend~~ like csuctj 18.36 -415.92 -15.36 TD -0.000 TD 0.0429 8 19.44 312 Tc ("may)j 10.8



wares, merchandise, machinery, supplies or other commodities, for use, consumption or resale within the jurisdiction of the United States on the condition, agreement or understanding that the lessee or purchaser shall not use or deal in the goods, wares, merchandise, machinery, supplies, or other commodities of competitors of the lessor or seller, where the effect thereof "may be to substantially lessen competition or tend to create a monopoly in any line of commerce."

Anti-Merger law.—This statute, approved December 29, 1950 is in the form of a revision and restatement of section 7 of the original Clayton Act. It is specific legislation on the subject of suppression of competition through the merger or consolidation of corporations. Such conduct is prohibited, whether brought about by the direct or indirect acquisition of either stock or assets of the acquired corporation, where the effect of the acquisition or merger may be substantially to lessen competition or tend to create a monopoly in any line of commerce in any section of the country. Certain exceptions are provided, including cases in which the stock is purchased solely for investment and not used for voting or otherwise to bring about or attempt to bring about the substantial lessening of competition. The Commission is designated, as having enforcement responsibility applicable to commercial enterprises generally but not including specific businesses which are under the regulatory authority of other agencies, such as banks and common carriers.

Interlocking of Corporate Directorates. - -Section 8 of the Clayton Act prohibits a person from serving at the same time as a director of two or more corporations, any one of which has capital, surplus, or undivided profits aggregating more than \$1,000,000, when such corporations are or have; been competitors under the conditions prescribed, so that the elimination of competition would constitute a violation of any provisions of the antitrust laws.

Specifically excluded from the jurisdiction of the Federal Trade Commission under this as well as other sections of the Clayton Act are certain types of commercial enterprises subject to other regulatory authority, such as common carriers, air carriers, banks, banking associations and trust companies.

### The Webb-Pomerene Export Trade Act of 1918<sup>7</sup>

This law authorizes limited cooperative activity among American exporters for the purpose of promoting export trade. Associations engaged solely in export trade are afforded exemption from the Sherman Act within certain strict boundaries set out in the act. To qualify for such exemption, an association must file with the Commission copies of its association papers or articles of incorporation and a

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<sup>6</sup> 64 Stat. 1125.

<sup>7</sup> 40 Stat. 516.

complete description of its organizational structure, and bring this information up to date yearly. The Commission may require submission of additional information relating to the association's business activities at any time. A continuing surveillance of association activities is maintained by the Commission's Division of Export Trade.

Whenever the Commission concludes that an association is not operating within the limits of the antitrust exemption provided by the act, it may make recommendations to the association for readjustment of its practices. Upon failure of an association to comply with such recommendations, the Commission will refer the matter to the Attorney General for appropriate action.

The act also extends the prohibitions of the Federal Trade Commission Act to unfair methods of competition used in export trade against export competitors even though the acts are done outside the territorial jurisdiction of the United States.

#### Wool Products Labeling Act and Fur Products Labeling Act <sup>8</sup>

These laws constitute specific labeling legislation for maintaining the integrity of competition and protection of the buying public against confusion and deception.

Violations are classed as unfair methods of competition and unfair or deceptive acts or practices, within the Federal Trade Commission Act. Informative labeling of wool products and fur products is required. Labels on wool products are required to reveal the respective percentages of "wool," "reprocessed wool," "reused wool" and other constituents of wearing apparel and other articles containing or purporting to contain woolen fiber in whole or in part. Labels on fur products, as well as the advertising and invoicing, are required to disclose to purchasers the true name of the animal from which the fur came. For this purpose, an official Fur Products Name Guide has been prepared by the Commission. Other significant information also is required to be disclosed in the label informing the purchaser whether the fur article is dyed, bleached, damaged, secondhand, or pieced. The country of origin of foreign furs must likewise be disclosed.

The Commission is specifically authorized to inspect and make tests of the merchandise covered, and to issue rules and regulations which have the force and effect of law. When necessary in the public interest, the Commission may resort to court proceedings for condemnation of goods seized as violative, and may apply for temporary injunctions pending completion of cease-and-desist order proceedings against alleged offenders. Suits to collect civil penalties for violation of the Commission's final orders are also available in cases under these acts. For willful violations, misdemeanor prosecutions

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<sup>9</sup> Approved, respectively, October 14, 1940, 54 stat. 1128, and Aug 8, 1951, 65 Stat. 176.

may be brought by the United States, and fines of up to \$5,000 or 1 year's imprisonment, or both, imposed by the court. Manufacturers and distributors may issue guaranties of having properly labeled their merchandise. Members of the trade may use such guaranties as a defense to charges of misbranding where the particular guaranty in question was relied upon in good faith. Forms of guaranties are prescribed by the Commission.

Under this statute, the Federal Trade Commission and the Clayton Acts apply to the business of insurance to the extent that it is not regulated by State law.

Lanham Trade Mark Act, approved July 5, 1946<sup>12</sup>

This authorizes the Commission to proceed before the Patent Office for cancellation of certain trade-marks improperly registered or improperly

## ADMINISTRATION

The five Federal Trade Commissioners determine the agency's broad policies and make its final judgments on casework, voluntary law enforcement efforts, and economic studies. There must, however, be a great amount of work done to assemble the facts on which these judgements are based. This basic work, including the prosecution of cases, is accomplished by the Commission's staff.

The staff, about half of whom are attorneys, is under general supervision of the Chairman of the Commission. He was given this authority in 1950 as a result of Reorganization Plan No. 8. This plan transferred from the five Commissioners to the Chairman the control of and responsibility for internal administrative functioning of the agency but left to the full Commission other substantive responsibilities.

efficiency ratings, employee relations, incentive awards, and welfare and health.

During the past fiscal year this office revised its system for selection and appointment of attorneys to insure that the best qualified applicants are employed. The revised system encompasses the examination, rating, and appointment of applicants and includes new supplementary application forms, qualification rating forms, and interview rating-forms.

## DIVISION OF BUDGET AND FINANCE

The Division of Budget and Finance is responsible for the preparation and administration of the Commission's budget and maintains the fiscal records of the Commission. This

rations by the Joint Committee on Printing of the United States Congress, and provides photographic, photostat, and drafting services. These services are performed by the following sections:

The Stenographic and Composition Section edits, for format and typography, material to be printed at the Government Printing Office or printed or duplicated in the Federal Trade Commission Printing Plant and provides stenographic services when bureau pools are overburdened. During

other official papers. He also is responsible for liaison with the Congress and Government agencies and for decisions on informal cases not submitted to the Commission.

The Assistant Secretary for Minutes attends, takes minutes of, and records the executive meetings of the Commission, prepares directives for the signature of the Secretary, and keeps the calendar of pending matters.

#### Office of Information

This office issued a total of 1,238 press releases during the fiscal year, compared with 946 and 873 in fiscal 1957 and 1956, respectively. They covered news of Commission complaints, answers by respondents, initial decisions by hearing examiners, orders, compliance actions, and newsworthy interlocutory rulings by the Commission. In addition, many oral and written inquiries from the press and public were answered each day. The office also arranges interviews between members of the press and Commission officials.

#### Legal and Public Records

This office has responsibility for the legal records of the Commission. This includes receiving, serving, docketing, indexing, and filing legal papers in connection with proceedings before the Commission as well as Commission actions in the Federal Courts.

The office is has responsibility for the publication of the volumes of the "Federal Trade Commission Decisions" and its "Statutes and Decisions," the latter including court decisions in Commission cases; for the codification and editorial preparation of Commission material published in the Federal Register; and for the collection and dissemination of relevant court decisions.

Information and assistance are furnished to the public and to the staff of the Commission in relation to the public, legal, and court proceedings. Commission publications, forms, and other material are distributed by this office to the staff and the public.



FEDERAL TRADE COMMISSION  
ORGANIZATION OF STAFF FUNCTIONS

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only be obtained through field investigation involving interviews with the complaining party, the proposed respondent, competitors, suppliers, customers and other informants. Such matters are referred to one or more of the Commission's nine branch offices and are assigned to attorneys who conduct the actual field investigation. Upon completion, the examining attorney prepares a summary report and recommends appropriate disposition of the case. After review by the branch manager, the case is forwarded to headquarters for consideration by the project attorney in charge of the case. It may then be referred to the trial staff with a recommendation for issuance of a complaint, to the Bureau of Consultation for negotiation of a stipulation, or to the Secretary or the Commission with a recommendation for closing.

During the fiscal year, 3,782 applications for complaint were received, of which 814 related to restraint of trade matters and 2,968 to deceptive practice matters.

Investigations involving charges of restraint of trade usually arise in connection with the administration of section 5 of the Federal Trade Commission Act, and sections 2, 3, 7, and 8 of the Clayton Act. Investigations under section 5 related to such practices as price fixing agreements, collusive bidding, conspiracies to control production and to allocate territories, boycotts, and sales below cost with the purpose and effect of eliminating competition.

Numerous important investigations were also conducted on charges of violation of section 2 of the Clayton Act which prohibits price discrimination, illegal brokerage payments, discriminations in the payment for or furnishing of services and facilities' and the knowing inducement or receipt of illegal price discriminations. Investigations were made also of exclusive dealing and tying arrangements under section 3 of the Clayton Act.

Of the 806 deceptive practice investigations completed during the year, 190 relating to wool and fur products are discussed separately elsewhere. Four hundred and seventy-eight of the investigations were made under section 5 of the FTC Act, the Commission's general authority to prevent unfair methods of competition and unfair or deceptive acts or practices. These section 5 investigations covered a wide variety of commodities and different forms of misrepresentation. Complaints were issued charging violation of section 5 in 135 cases during the year, and 70 stipulations were accepted in this area.

A total of 138 investigations were completed under section 12 of the Federal Trade Commission Act, respecting false advertisements of food, drugs, medical devices, and cosmetics. Complaints issued charged 23 violations of this section; and 25 matters were settled by stipulation.

Also, 118 of these investigations under sections 5 and 12 were closed upon acceptance of assurance that questioned practices had been dis-

continued, when it appeared that this treatment served the public interest.

In addition to investigating new matters, the Bureau spent substantial time conducting investigations to determine whether persons, partnerships, and corporations were complying with the provisions of previously issued cease and desist orders. Such investigations require special care and attention since evidence of violation must be obtained and assembled in order to support civil penalty and contempt proceedings.

A substantial amount of work also was performed on investigations to obtain information to assist in the trial of cases in which complaints have been issued. Defenses asserted by respondents in pending cases frequently raise new issues necessitating further investigation.

## MERGER INVESTIGATIONS

One of the statutes enforced by the Commission is section 7 of the Clayton Act, as amended. This statute prohibits any corporation subject to FTC jurisdiction from acquiring all or any part of the stock or assets of another corporation engaged in commerce where the effect may be substantially to lessen competition or tend to create a monopoly in any line of commerce in any section of the country. The general purpose of this section is to halt monopolistic combinations in their incipiency and before they have attained the proportions required to justify a Sherman Act proceeding.

Congress indicated its concern over the trend toward concentration in industry as a result of corporate mergers and acquisitions by appropriating for fiscal 1957 an additional \$901,000 for merger work. The Commission's intensified efforts to halt illegal mergers and acquisitions were continued in fiscal 1958. substantial portion of the funds available for merger work was used by the Bureau of Investigation in carrying out its function of examining all reported corporate mergers and acquisitions, identifying those which appeared to be significant from the standpoint of a possible violation of the act, and conducting investigations to determine the probable competitive effects of significant mergers and acquisitions.

Under the Commission's premerger clearance procedure, interested parties may request advice of the Commission concerning a proposed merger or acquisition. Facts relating to the proposed transaction may be submitted in writing or in conference. On the basis of these facts, as well as other information available to the Commission, th or ac2 Tc (or) 3fvr0c1D 0.0058 Tc

There is no legal requirement that the Commission be notified of corporate mergers or acquisitions either before or after consummation. Premerger notification has been the subject of several bills in both Houses of Congress. Except in instances where a complaint about a particular merger is received, or where premerger consideration is requested, the Commission must rely on financial newspapers, trade journals, manuals of investments and the like for information that a merger has occurred or is contemplated. An information sheet containing such information as is readily available from press reports and recognized reference manuals is prepared for each merger. In fiscal 1958, nearly 1,000 information sheets on reported mergers were prepared. These are referred to project attorneys who examine the readily available information and consult with economists and other experts with respect to each merger. They then determine the probable competitive effects and recommend whether or not further investigations should be undertaken.

If the preliminary review indicates the merger is one which may result in the adverse effects proscribed by the statute, a more comprehensive investigation is undertaken. This may be initiated by letters requesting the parties to submit detailed information concerning the companies and industry or industries involved, or by sending the matter to one of the Commission's branch offices for interview with officials of the merging companies. The data obtained from the companies involved usually are supplemented by data obtained from other sources, including competitors, suppliers, and customers of the merging companies, trade associations, and Government agencies. Investigations of this type, requiring as they do considerable economic and marketing analysis work, are generally more complicated, time-consuming and expensive than are investigations under other statutes administered by the Commission.

A total of 68 comprehensive merger investigations were undertaken during fiscal 1958. Among such investigations in progress during the year were Union Carbide Corp.'s acquisition of Visking Corp.; National Sugar Refining Co.'s acquisition of Godchaux Sugars, Inc.; Procter & Gamble Co.'s acquisition of Clorox Co.; Reynolds Metals Co.'s acquisition of Arrow Brands, Inc.; and acquisitions of a number of barite producers by Dresser Industries, Inc., and National Lead Co. The Commission has issued its complaint in each of these matters, charging that the effect of the acquisition or acquisitions may be substantially to lessen competition or to tend to create a monopoly.

On June 30, 1958, there were 107 merger investigations in progress, involving companies in many different industries, including food and kindred products, textiles and apparel, steel and steel products, timber

and wood products, petroleum, chemicals and allied products, paper and allied products, and mining.

designed to eliminate static electricity which contained small amounts of radium or other radioactive substances.

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In addition, the Division compiles production and sales statistics and analyzes financial data of companies and competitors involved in mergers under section 7 of the Clayton Act, and also compiles statistics concerning costs, prices and profits and the financial positions of companies under section 6 of the Federal Trade Commission Act.

During the year, accounting services were furnished in connection with legal cases and investigations, These included 43 Robinson-Patman cases, 11 other Clayton Act cases, 16 section 5 Federal Trade Commission Act, and 6 other cases involving the Wool Products Labeling Act, the Fur Products Labeling Act, and the Trade Mark Act.

In addition, accounting services were furnished in connection with the Commission's financial and statistical activities. A study was made of the profitableness of identical companies in selected manufacturing industries during the years 1940, 1947-56. A report was prepared on rates of return (after taxes) for identical companies which comprised in 1940 the major part of each of 25 manufacturing industries, and for the 12 largest companies in each of 39 industries for the years 1955 and 1956.

During the past year, accounting services also were furnished in connection with inquiries being conducted by the Subcommittee on Antitrust and Monopoly Legislation, Senate Committee on the Judiciary. The Commission furnished the committee with information concerning the long-term profits of companies in a number of major industries, Fur Labeling Act, and the Flammable Fabric.

## DIVISION OF WOOL, FUR, AND FLAMMABLE: FABRICS

The Commission is charged by Congress with administering three separate and important pieces of consumer legislation—the Wool Products Labeling Act of 1939, the Fur Products Labeling Act, and the Flammable Fabric Act.



Under each of these statutes, the Commission has issued rules and regulations necessary for their administration and enforcement. These regulations, which become substantive law, have been issued and are being maintained by the Division of Wool, Fur, and Flammable Fabrics as integral parts of the legislation.

The very nature of these three pieces of consumer legislation, which differ materially from the other statutes administered by the Commission in view of their affirmative requirements, necessitates compliance inspection and industry cooperation.

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These manufacturers are beyond the FTC's jurisdiction so far as inspections of plants and records are concerned. Therefore, closer watch must be maintained by Commission investigators on foreign imports with the cooperation of the Bureau of Customs.

During the past year there have been many Fur Act violations. Because of the superiority of American mink which comes from fur farms throughout the country, there have been numerous cases where imported mink of an inferior quality has been passed off as domestic mink. In addition, low grade mink is tip-dyed to give it the appearance of high-quality natural mink. Also, numerous cases were directed against false advertising of fur values.

In the enforcement of the Flammable Fabrics Act, it is necessary to exercise close surveillance over those sections of the industry that might normally produce potentially dangerous products, such as the fine sheers and high pile or highly brushed cellulose fiber fabrics, including chenilles, brushed rayons, nets, lawns, organdies, etc. In addition to carrying on inspections of our domestic manufacturers, it also is necessary to keep a sharp eye on imports made of potentially dangerous fabrics.

## Workload Statistics for Fiscal Year 1957

I. Field inspections and industry counseling:	
Wool Act:	
Number of concerns inspected -----	1,490
Number of wool products inspected (sampling method) -----	4,396,515
Fur Act:	
Number of concerns inspected -----	936
Number of fur products inspected -----	69,094
Number of advertisements examined -----	30,765
Flammable Fabrics Act:	
Number of concerns inspected -----	1,825
II. Interpretations and opinions rendered concerning Wool, Fur, and Flammable Fabrics Acts and Regulations thereunder:	
Wool Act -----	3,437
Fur Act -----	2,283
Flammable Fabrics Act -----	627
III. Informal cases involving minor Wool and Fur Act deficiencies handled administratively. These include matters involving infractions of the Acts and Regulations where formal action does not appear necessary and compliance is effected on a cooperative basis. -----	
	<u><u>3,602</u></u>
IV. Special compliance investigations relating to Commission orders and stipulations completed and reported on during the fiscal year:	
Wool Act Fur Act -----	19
Fur Act -----	42
Flammable Fabrics Act -----	1
	<u><u>62</u></u>
V. Investigations completed with recommendation for:	
Complaint:	
Wool Act -----	47
Fur Act -----	77
	<u><u>124</u></u>
Stipulation:	
Wool Act -----	21
Fur Act -----	40
Sec. 5 (FTC Act) -----	3
	<u>64</u>

## LITIGATION

Supplied with facts produced by the investigation of a case, the Bureau of Litigation analyzes them and, if necessary, augments them in developing and perfecting a draft of complaint which it can recommend that the Commission issue. If the Commission agrees and

	Antimonopoly		Antideceptive practices		Total increase over 1957		
	1958	1957	1958	1957	1958	1957	Percent
Complaints issued -----	86 <sup>2</sup> 45	55 <sup>2</sup> 31	<sup>1</sup> 268 <sup>3</sup> 228	187 <sup>4</sup> 148	354 273	242 179	46 52
Orders to cease and desist -----							

- <sup>1</sup> In addition, there were false and misleading advertising charges included in two antimonopoly complaints
- <sup>2</sup> In addition, there was one order partially disposing of a case
- <sup>3</sup> In addition, there were seven orders partially disposing of cases
- <sup>4</sup> In addition, there were five orders partially disposing of cases

In addition, the Commission through this Bureau successfully instituted four proceedings in the United States District Courts to restrain mislabeling of wool products pending the adjudication of these matters before the Commission. These injunctions served to protect the public against mislabeling during the interim period.

Some of the more significant cases started or completed during the year follow.

### ANTIMONOPOLY CASES

Antimonopoly litigation significantly increased in fiscal 1958. A total of 86 complaints were issued, exceeding the 1957 figure by approximately 56% percent and more than doubling the comparable figure in 1954. Antimonopoly orders obtained during the year totaled 45 (plus 1 partial order), an increase of 45 percent over 1957 and 80 percent over 1954.

#### Antimerger Litigation

During the year, more merger cases were handled than ever before in the history of the Commission. A tabulation of cases brought under section 7 of the Clayton Act reveals that new complaints were issued, 3 orders of divestiture were obtained, and 12 additional cases were in varied stages of litigation. These statistics assume added significance when the nature of the individual proceedings is considered.

Litigation of antimerger cases generally entails extensive, highly contested hearings and involves intricate legal and economic considerations. Section 1, as amended in 1950, is addressed toward probable adverse competitive effects stemming from acquisitions or mergers of corporations engaged in interstate commerce. The Commission is empowered to order the acquiring corporation to divest itself of the stock or assets it illegally acquired.

#### Crown Zellerbach Corp., Docket 6180

During the year the Commission handed down its first opinion accompanying an order of divestiture under amended section 7, in the Crown Zellerbach (Corp. case. Adopting the initial decision of

the hearing examiner with substantial modifications, the Commission ruled that Crown Zellerbach, the Nation's second largest producer of paper and paper products, violated section 7 by unlawfully acquiring a major competitor, St. Helen's Pulp & Paper Co. According to the Commission, the acquisition eliminated a fully integrated competitor from, the market, substantially increased respondent's position in the relevant line of commerce, and tended to create a monopoly in the coarse-paper industry. The Commission ordered Crown to divest itself of St. Helen's in such a manner as to restore to St. Helen's the competitive significance it enjoyed prior to the acquisition.

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National Sugar Refining Co., Docket 6852

The acquisition of the Nation's seventh largest sugar refiner by the Nation's second largest sugar refiner was attacked by the Commission as being illegal. The complaint alleges that National Sugar Refining Co., the second largest sugar refiner in the United States, purchased the refining business of Godchaux Sugars, Inc., and its sugar refinery at Reserve, La., for sugar

During fiscal 1958, 61 complaints and 39 orders issued relating to Robinson-Patman Act violations.

Illustrative of such orders is one directed against a leading beer distributor, Anheuser-Busch, Inc. Accepting the initial decision of the hearing examiner with slight modification, the Commission prohibited Anheuser-Busch from discriminating in price between its purchasers by reducing its beer price in any market where it competes with others unless it "proportionally" reduces prices everywhere. The Commission held that Anheuser-Busch had lessened competition in the St. Louis market by illegally reducing its price for Budweiser beer



stone, according to the complaint, has violated section 2 (a) by giving preferential prices to certain large volume customers (including Automotive Supply Co.) which have been classified arbitrarily as "warehouse dealers." Automotive Supply Co., one of Firestone's largest purchasers, is charged with knowingly inducing, and receiving these discriminatory prices.

Separate multiple-count complaints were issued during the year against three major producers and distributors of electric shavers and certain of their subsidiaries. Schick, Inc. (Docket 6892), North American Philips Co., Inc. (Docket 6900) and Ronson Corporation (Docket 7066) were charged with giving wholesaler discounts to retailers in violation of section 2 (a), and granting discriminatory and disproportionate advertising allowances in violation of section 2 (d). In addition, Schick and North American Philips were alleged to have contravened section 2 (e) by providing free demonstrator services to certain favored retailers without making them available to competitors on proportionally equal terms. The Ronson and Schick complaints also allege that respondents entered into agreements with many of their customers for the purpose of fixing and maintaining resale prices. The complaints allege that such practices tend to hinder competition unduly and create a monopoly in respondents in the sale of electric shavers, and are unfair methods of competition and prohibited by section of the FTC Act. A final count in the Schick case charges the company with making certain false representations about its product.

In other complaints, The Borden Co. (Docket 7129), one of the Nations largest producers of dairy products, was charged with discriminating in price between private label and Borden label customers in the sale of canned evaporated milk; and National Dairy Products Corp. (Docket 7018), the largest distributor of dairy products in the United States, will favoring large multi-store chain and central-buying, customers with discriminatory prices in violation of section 2 ( a) and promotional allowances in violation of section 2 (d) . Also, Westinghouse Electric (Corp. (Docket 7150) and Admiral Corp. (Docket 7094) are alleged to have granted discriminatory prices and advertising

In the food products field, the Commission issued orders prohibiting food brokers from "splitting" or passing on any part of customary brokerage commissions to buyers (Henry Broach & Co. [Docket 6484] ) and from receiving illegal brokerage fees on purchases made for their own accounts (Jabie Sales Co. [Docket 6812], Food Mart, Inc. [Docket 6910], Coyner-Evans Co.[Docket 6969] ) . The complaints against the latter two concerns were issued during fiscal 1958.

A wholesale grocers' cooperative, its affiliate, and 35 member grocery wholesalers were charged with unlawful receipt of brokerage payments on direct purchases of food and grocery products (National Retailer-Owned Groceries, Inc.[Docket 7121].

#### Discriminatory Promotional Allowances

Consent orders obtained by the Commission prohibited Pompeian Olive Oil Corp. (Docket 6468), McCormick & Co. Inc., (Docket 6460), and Reed Candy Co. (Docket 6461) from granting discriminatory promotional allowances to their customers. The Commission's complaints alleged that respondents had illegally granted special allowances to large supermarket chains for promotion of anniversary sales without making proportionally equal allowances available to competing customers, as required by section 2.

Issuing a final order in an extensively litiga

Three other suppliers, Judson Dunaway

Illustrative of other Commission action taken with respect to such competitive restrictions is a complaint charging Socony Mobil Oil Co. (Docket 6915) with inducing customers to handle its petroleum products exclusively.

Similar complaints were issued against Rural Gas Service, Inc. (Docket 7065), a major New England distributor of liquefied petroleum gas, and Mytinger & Casselberry, Inc. (Docket 6962), a large vitamin and mineral supplement supplier.

#### Other Antimonopoly Proceedings

Recognizing man's ingenuity in inventing methods to circumvent specific antitrust legislation, Congress, in enacting section 5 of the Federal Trade Commission Act, prohibited all unfair methods of competition in commerce. This broad directive enables the Commission to act as "watch dog" for any unfair competitive practices and has resulted in cases involving a diversity of competitive acts and practices. Over 50 percent of antimonopoly litigation pending at the close of the fiscal year and more than 28 percent of all complaints issued during the year contained section counts.

Illegal price-fixing in the west coast tuna industry was brought to a halt by a Commission order. Six 246 TJ 100688 DE (Bgr) TJ 15286 TD 0019 #16 (tdg) 0 tie 416 K (per 15200 B2 (0) TJ204

Inc. (Docket 7002) and eight other franchised distributors of General Motors' products, for combining to fix prices and conditions of sale of diesel engine replacement parts; American National Retail Jewelers Association (Docket 6986), a trade association of retail jewelers, and its more than 4,000 members, for concertedly fixing uniform markups on the retail sale of silverware and using tile association to induce increased discounts and profit margins from silverware manufacturers; The Sun Oil Co. (Docket 6934), for causing retail dealers to enter into illegal exclusive dealing and price fixing agreements; and the Texas Co. (Docket 6898), for illegally fixing the resale prices of its gasolines, and for discriminating in gasoline prices among its customers.

### ANTIDECEPTIVE PRACTICE CASES

The Commission's activities in the antideceptive practice field, year in and year out, are responsible for the largest percentage of all cases in which orders to cease and desist are entered. There has been a steady annual increase in the number of antideceptive practice complaints and orders issued, and fiscal 1958 was a banner year.

During the year there were 268 complaints and 228 orders to cease and desist in deceptive practice matters. These figures contrast with 187 complaints and 148 orders for fiscal 1957, and 150 complaints and 132 orders for fiscal 1956. These 1958 figures represent a 43-percent increase in complaints and a 64-percent increase in orders over fiscal 1957, and 79 percent more complaints and 73 percent more orders than in fiscal 1950.

Below are summaries of the actions taken in some of the more significant cases:

Docket 6938-Universal Interchange, Inc., et al.

This is one of seven matters in which complaints issued during the year charging that farm and business property owners were misled into believing that respondents had clients who desired to purchase their property. The respondents, Universal Interchange, Inc., et al., were charged with deceptive practices in the sale of property. The respondents were found guilty of deceptive practices and were ordered to cease and desist from such practices. The respondents were also ordered to pay a fine of \$10,000 and to pay the costs of the proceedings.

An interesting footnote to the Commission's disclosures in this field is that, on May 22, 1958, Senators Mundt and McClellan introduced a bill (S. 3889) which would amend the United States Criminal Code. The bill proposes that a section be added to the Code making it a felony for a person to knowingly make false representations in the course of persuading property owners to buy advertising for the purpose of reaching purchasers outside their own State.

Docket 7137 —Encyclopedia Britannica, Inc.

This publisher has been charged with misrepresenting, through its door-to-door salesmen, that the Encyclopedia Britannica was offered at a bargain price for a limited time only. The truth was, the complaint charged, that the purportedly reduced price was the regular price usually available at any time.

Docket 6971 - -McGraw-Hill Publishing Co., Inc., et al.

In a case involving other publishers of trade and professional magazines, the respondents have been charged with using deception to sell advertising space in two of the magazines they print. The complaint alleged that respondents' advertising space salesmen used purportedly authoritative and current readership surveys furnished the Trade Ship and by

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Docket 7101—Rayco Manufacturing Co., Inc., et al.

These respondents, who advertise and sell automobile seat covers and convertible tops to the public through some 111 independently owned, franchised dealers located throughout the Nation, have been charged in the complaint with using fictitious pricing claims and other misrepresentation in advertising.

The complaint alleged that purported regular retail prices of various seat covers and convertible tops offered at "sacrifice prices" were fictitious. Equally false, it said, were advertising statements that the products were made to order for each buyer's car, that a complete convertible top could be purchased for the advertised price (the rear window and curtain cost additional), that the products had been awarded a Fashion Academy seal in a contest with a representative number of competitive products, and that the U. S. Testing Co. had found Rayco's products more durable than competitive products.

Docket 702 —Firestone Tire & Rubber Co.

In another automotive product case, this tire manufacturer has been charged in a complaint with misrepresenting in advertising that its second-line "Super Champion" and "DeLuxe Super Champion" tires were identical to original equipment tires on new cars. The first-line, 100-level Firestone tire found on new cars, the complaint alleged, was the "Firestone DeLuxe Champion."

The complaint further charged that these various names are confusing and mislead the public

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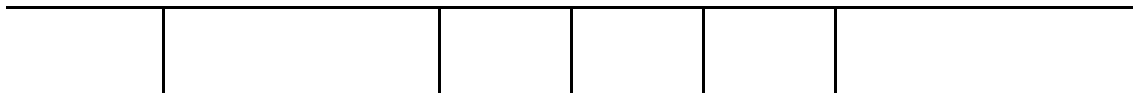


Docket 7130—Zoysia Farm Nurseries, Inc., et al.

Claims made in circulars and newspaper and magazine advertising disseminated by these respondents in promoting both mail order and retailer sales of Zoysia g

ices: automobile wax, men's belts, billfolds, blankets, comforters, book abridgements and reprints, children's books, a "health book," a "cooperative" book publishing plan, bracelets, rugs, chinaware, cigars, a newspaper clipping service, collection agency services, aluminum cookware, stainless steel cookware, corrugated fiberboard boxes, perfume, shampoos, men's jewelry, cutlery, vitamins, electric kitchen appliances, hearing aids, trusses, a laxative, a reducing drug preparation, alleged arthritis and rheumatism treatments, vacuum cleaners, file cabinets, flatware, furniture, automobile gasoline and crankcase oil additives, moccasins, handbags, home study courses, hosiery, a chemical oven cleaner, watchbands, watch cases, power law 0 TD 0 Tc ( ) ( ) Tj 6 (r) Tji72.88 0 4 Tc (law 0 TD 0 Tc ( ) ( ) Tri8funa 0 Tc (rt60018 T





## OFFICE OF THE GENERAL COUNSEL

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When cases advance beyond the agency to the courts, the General Counsel and the attorneys of his staff represent the Commission as its counsel. Consequently, all litigation to which the Commission is a party in Federal District Courts and Courts of Appeals is handled by the Office of the General Counsel. In cases reaching the Supreme Court, the legal services devolving upon the Commission are performed by this office in collaboration with the Solicitor General of the United States, who represents the Government in that Court.

The General Counsel functions as the Commission's chief law officer and principal legal adviser. His office, in addition to the court work, administers the Webb-Pomerene Export Trade Act, reviews all trade practice rules before their approval and promulgation by the Commission, gives informal advice to businessmen on trade regulation matters involving laws administered by the Commission, analyzes and reports on new legislation, polices compliance with the Commission's cease and desist orders, initiates penalty suits and contempt actions in their enforcement, and integrates the order compliance with work programs for securing obedience to voluntary stipulations and trade practice rules. The General Counsel represents the Commission in hearings before congressional committees and also supervises the special legal assistants to the Commission. He likewise advises the Chairman of the Commission on clearance of industry voluntary agreements and programs sponsored by different agencies in carrying out the Defense Production Act and the Small Business Act. Review by his office of these industry agreements and programs is directed to such purposes as aiding small business and eliminating or minimizing possible anticompetitive effects which may run counter to the basic policies underlying the Federal Trade Commission Act and the antitrust laws. As a further service in the Commission's organization, legal studies and manuals issued for guidance of the Commission's professional staff are prepared under supervision of the General Counsel.

## Fiscal 1958 Highlights

A Commission case does not end when an order to cease and desist issues. Consistent compliance policing shows how and if it is being obeyed, and violators are subject to court proceeding.

One contempt action in a circuit court resulted in more than \$19,000 being paid in to the U.S. Treasury. Here, the Dolcin Corp. Of New York City had been fined \$15,0000 for criminal contempt of the court's mandate to obey the FTC's order forbidding misrepresentation of a drug product. The court denied a petition for rehearing by two officials, and the fines were collected.

An additional \$21,000-plus found its way to the Treasury from judgements in civil penalty proceedings against respondents violating Commission orders. These procedures are instituted only when compliance cannot be obtained otherwise.

Of the six cases decided by the Supreme Court during fiscal 1938, three favored the Commission's position and the others did not. The Court also denied nine petitions for certiorari to review decisions of Courts of Appeals and granted three petitions on behalf of the Commission.

The Division of Appeals represented the Commission in cases before 10 of the 11 United States Court of Appeals and in 4 United States District Courts. It completed litigation in 27 cases, involving the preparation of numerous legal documents, and presented 19 arguments. In addition to its court work, the Division worked on drafts of reports , proposed legislation and prepared opinions and recommendations on law and procedure.

Securing compliance reports and enforcing compliance in current cases accounted for the greatest part of the work done by the Division of Compliance, which handled more than 1,800 separate matters.

However, the survey of the status of compliance in more than 4,000 orders issued prior to 1947 continued to receive its share of attention. Examined were 490 reports in these older cases, bringing the cumulative total to 3,050 since the program's inception in August 1954. In addition, the Division instituted 162 compliance investigations, bettering the 1957 total by 5.

The Division of Special Legal Assistants prepared 304 documents to implement Commission decisions, an increase of 53 over the previous year.

At the years end, 37 export trade associations comprising 468 American corporations were registered with the Commission under the Webb-Pomerene Act. Their business transactions and activities in foreign commerce fall within the supervision of the Office of Export Trade.

The approximate value of foreign shipments of registered associations in 1957 topped \$930 million, compared to less than \$903 million in 1956 and less than \$817 million in 1955.

A total of 62 reports on bills and legislative proposals was prepared by the General Counsel's Office. It also represented the Commission or advised members of the Commission concerning 27 bills or legislative considerations.

## DIVISION OF SPECIAL LEGAL ASSISTANTS

The principal assignment of this division is the preparation of documents needed to implement Commission decisions in adjudicative proceedings. The work includes the examination of formal records and reporting on them to the Commission or individual Commissioners.

Attorneys of the division consult with Commissioners and staff members on questions of law, policy, and procedure in connection with all phases of the Commission's work. They prepare reports and recommendations on a wide variety of subjects, including questions of substantive law, proposed trade practice rules, and proposed reports to the public.

During fiscal 1958 the division prepared drafts of 304 case dispositions, an increase of 53 over the preceding year. Of the 304, 79 were final decisions and 225 were interlocutory. Division attorneys also prepared 39 miscellaneous reports and recommendations.

## DIVISION OF APPEALS

The principal function of the Division of Appeals is to represent the Commission in proceedings in the Federal courts.

Any person, partnership, or corporation against whom the Commission has issued an order to cease and-desist may petition a United States Court of Appeals to review and set aside that order. The Commission may petition a court of appeals to affirm and enforce an order to cease and desist issued under authority of the Clayton Act which has been violated. Disobedience of a court's decree enforcing a Commission order or subpoena may be punished by that court as a contempt. When a subpoena issued by the Commission has not been obeyed the Commission may apply to a United States District Court to issue its order requiring compliance with the subpoena. Any person suffering legal wrong because of final Commission action for which there is no other adequate remedy in any court may obtain a review in a United States District Court.

The Division represents the Commission in such litigation and in any other proceedings which may arise in the Federal courts involving the Commission. It participates with the Office of the Solicitor Gen-







cause the violations had been voluntarily stopped, no order to cease and desist should issue. It set aside the order and remanded the case with instructions to dismiss the complaint, without prejudice. (The Solicitor General has determined not to petition for certiorari.)

Simplicity Pattern Co., Inc., New York, N. Y. (District of Columbia Circuit), restraint of trade and granting of discriminatory services in tire sale of dress patters. The Commission's order was set aside and the case remanded for further evidence and consideration. (The Solicitor General has been asked to petition for certiorari.)

One case arose and proceeded to decision during the year. Virginia Excelsior Mills, Inc., et al., Doswell, Va. (Fourth Circuit, price fixing and restraint of trade in the sale of excelsior. The court mollified slightly the terms of the order, and as so modified affirmed and enforced it.

#### Pending Cases

Atlanta Trading Corp., New York, N.Y. (Second Circuit, discriminatory promotional allowances in sale of canned meat products, remained pending throughout the year.

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## Pending Cases

Petition was filed by R. B. James, et al., for writ of certiorari to review a court of appeals decision affirming and enforcing the Commission's order.

## In Courts of Appeals Decisions and Other Disposition

Three of the six cases pending at the start of the year proceeded to decision.

American Life and Accident Ins. Co., St. Louis, Mo. (Eighth Circuit), misrepresentations in mail-order sales of insurance. The Commission order was affirmed and enforced.

Arrow Metal Products Corp., Haskell, N. J. (Third Circuit), deceptive practices; in sale of awnings and parts. Affirmed and enforced.

James H. Sewell, Santa Ana, Calif. (Ninth Circuit), false advertising of a device for insertion in shoes. 'Upon remand by Supreme Court the Commission's order was affirmed and enforced.

Six cases arose and proceeded to decision during the year.

Automobile Owners Safety Insurance Co., Kansas City, Mo. (Eighth Circuit), misrepresentations in mail-order sales of insurance. Affirmed and enforced.

R. B. James et al., Chicago, Ill. (Seventh Circuit), distribution of lottery merchandising devices. Affirmed and enforced. (Petition for certiorari has been filed.)

Wm. T. Loesch, et al., Houston, Tex. (Fourth Circuit), deceptive practices in sale of hair and scalp preparations. Affirmed and enforced.

Mandel Bros., Inc., Chicago Ill. (Seventh Circuit), misbranding and deceptive practices in the sale of fur products. Commission's order modified and affirmed. (The Solicitor General has been asked to petition for certiorari.)

National Clearance Bureau, et al., Newark, N. J. (Third Circuit), deceptive practices in obtaining credit information. Affirmed and enforced.

Vulcanized Rubber & Plastics Co. New York, N. Y. (District of Columbia Circuit), misrepresentation of plastic combs. Petition to review and set aside the Commission's order was dismissed.

Three cases remained pending throughout the year, North American Accident Insurance Company, Chicago, Ill. (Fifth Circuit) and Travelers Health Association, Omaha, Nebr. (Eighth Circuit), misrepresentations of insurance policies, and Carter Products, Inc., New York, N. Y. (Ninth Circuit), false advertisement of a drug product.

Petitions to review were filed and are pending in Better Living, Inc., Philadelphia, Pa. (Third Circuit), false advertising of aluminum doors, windows, and awnings; in Bernard Rosten, Chicago, Ill. (Second Circuit) and Surf Sales Co., et al., Chicago, Ill. (Seventh

Circuit), sale and distribution of lottery merchandising devices; Shafe, et al., Flint, Mich. (Sixth Circuit), false advertising of a drug product; Harsam Distributors, Inc., New York, N. Y. (Second Circuit), misrepresentations in sales of perfume; and Frank A. Kerran, et al., Oklahoma City, Okla. (Tenth Circuit), Mohawk Refining Corp., et al., Newark, N. J. (Third Circuit), and Royal Oil Corp., et al., Baltimore, Md. (Fourth Circuit), deceptive concealment in sale of used motor oil.

## Subpoena Cases in Federal Courts

### In the Supreme Court

#### Decisions

In *James F. Crafts* the Court granted the Commission's petition for certiorari, pending at the start of the year and reversed the court of appeals decision which had reversed district court decision granting enforcement of a Commission subpoena.

#### Petitions for Certiorari Denied

The court denied the petition of *Wm. T. Reed*, pending at the start of the year, for certiorari to review a court of appeals decision affirming the district court decision enforcing a Commission subpoena, and denied the petition filed by *S7.28 For Dec. Court 1228 App. Dec. (15) TMC.06*



Each respondent is required to report how he is complying with these orders and intends to do so in the future. Immediately following the entry of an order, the Division scrutinizes these reports and augments them where necessary by conferences, supplemental reports, or investigations. In addition, the Division:

Requests and analyzes results of the investigations of complaints of violation of orders.

Represents the Commission to the extent requested by United States District Attorneys in District Courts of the United States in all civil penalty suits.

Works out acceptable voluntary compliance programs.

Discovers violations and speeds prosecutions of the penalty provisions of the Federal Trade Commission Act, which is imperative in the public interest.

(NOTE: Violation of a Federal Trade Commission act order makes a respondent liable to civil penalty up to \$5,000 for each violation. Where the violation continues, each day of its continuance is a separate offense.)

Penalty proceedings during fiscal 1958

Pending July 1, 1957	-----	13
Filed during year	-----	12
Total for disposition	-----	25
Disposed of during year	-----	12
Pending June 30, 1958	-----	13
Certified, not yet filed	-----	4


for. Judgment of \$962.38 together with mandatory injunction requiring future compliance with the order to cease and desist entered.

Hauptman Feather Co. (E. D. N. Y.).—Misrepresentation of feather and down content of pillows. Dismissed upon payment of \$2,000 in compromise settlement.

Seydel Chemical Co. (N. J.).—False representations concerning the value of a drug preparation designed for use in the treatment of arthritic and rheumatic conditions. Judgment for \$3,000.

The Capitol Service, Inc. (W. D. Mich.).—Misrepresentation of correspondence course designed to train purchasers thereof for civil service positions. Judgment for \$2,000.

The B. F. Goodrich Co. (N. D. Ohio).—Misrepresentation of savings and discounts to be afforded purchasers of automobile tires. Judgment for \$2,500.

Bostwick Laboratories, Inc. (Conn.).—Misrepresentation of a mothproofing preparation. Dismissed upon payment of \$1,750 in compromise settlement.

Maryland Distributing Co. (Md.).—Misrepresentation of watches. Judgment for \$1,500 together with injunction restraining further violations of the order to cease and desist entered.

Mid-West Bottle Cap Co. (N.D. Ill. )—Conspiracy to fix prices and restrain trade in connection with the sale of closure milk bottle caps. Judgment for \$3,000.

Sanitary Feather Co.—Misrepresentation of down content of pillows. Judgment for \$300 together with injunction restraining r

of Order to Cease and Desist ( ) filed 12/15/19. 1800 EMPLOYERS AND EMPLOYEES, 15-138-03 (S) 11/18/19 (10/12/19) 10/12/19





Most orders involving restraints of trade are issued under the Clayton Act and have no finality until enforced by decree by the United States Court of Appeals after proof of violation, and proof of a further violation is necessary for a fine in contempt. During fiscal 1958 this Division initiated five formal investigational hearings looking toward enforcement of Robinson-Patman Act orders. Work on these cases is in progress and has not reached the stage of release for the public record.

The present manner and form of public compliance by the Commission (15 U.S.C. 1207) with the


to such old orders are not complying therewith, in which event such matters are reopened and handled as current compliance work.

### Current Order Compliance

The most substantial portion of the Division's work consists of securing compliance reports and, where necessary, enforcing compliance with orders currently issued. As each order is issued the Division must study and analyze reports to insure that respondents adjust their business practices to conform to the Commission's cease and desist orders, and here

tained in the Export Trade Act. In this statute Congress has permipermi

During 1957 there has been great momentum in world trade conditions coupled with the creation of new export trade associations under the act. The approximate value of foreign shipments attributable to Webb-Pomerene associations within the last 3 years is as follows:

	1955	1956	1957
Metal and metal products -----	\$51,838,736	\$74,775,522	\$90,794,509
Products of mines and wells -----	31,125,327	47,816,616	49,858,659
Lumber and wood products -----	8,339,244	7,520,496	7,352,276
Foodstuffs -----	148,904,921	158,804,988	158,816,538
Miscellaneous-including abrasives, motion pictures, pencils, scientific instruments, textiles, and typewriters -----	<u>576,122,144</u>	<u>613,731,138</u>	<u>623,605,444</u>
Total -----	816,330,342	902,648,760	930,427,446

### LEGISLATION

In order to better carry out its duties, the Commission sought—but failed to obtain—certain new legislation from the Congress.

A major proposal was that Commission orders to cease and desist issued under authority of the Clayton Act be made final the same as orders under the Federal Trade Commission Act. As it now stands, an order issued by the Commission under the Clayton Act has no finality. If such an order is violated, the Commission may then, and only then, seek a decree of enforcement from a United States court of appeals. Thereafter, a further violation would support a contempt of court proceeding. Faster and more effective enforcement is possible of orders issued under the Federal Trade Commission Act since a violation of such a Commission order may be proceeded against by a civil penalty suit.

Another major legislative objective that failed of enactment was the requirement that notification of proposed mergers be made to the Commission by corporations of significant size engaged in interstate commerce. The need for this legislation arises from the fact that by the time the Commission can institute appropriate antimerger proceedings, the merging companies have become so intermingled that the time-honored problem of "unscrambling eggs" is encountered.

While it is true that companies engaged in interstate commerce have the right of obtaining the opinion from

Commission has reason to believe would be in violation of section 7 of the Clayton Act. The Commission would similarly be empowered to seek orders requiring maintenance of the status quo in instances where such mergers had already been accomplished. In the absence of such Commission authority, corporations may now complete their merger arrangements or may dispose of assets acquired through merger in the face of pending Commission proceedings designed to ascertain the legality of the merger and to direct disposition of assets in a manner appropriate to the public interest in cases where the mergers are found to be illegal.

The Commission also sought amendments of the Federal Trade Commission and Packers



On May 20, 1968, the Commission approved Tire Advertising Guides which became effective on August 27. The guides were issued to the industry and published in the Federal Register. In issuing them, the Federal Trade Commission initiated a new type of voluntary law enforcement. Designed to concentrate attention on a particular field of misleading advertising, the guides give the tire industry detailed notice of what advertising, the Commission considers illegal.

Heretofore, the Commission's industrywide efforts to obtain voluntary compliance with the law been limited to trade practice conferences, which cover all aspects of an industry's practices coming under FTC jurisdiction, and to state guides by which the Commission instructs its own staff on requirements of proper advertising for product. The new procedure permits the Commission to pinpoint a particular area of confusion concerning an industry's product and to set forth for the guidance of all concerned what it believes the law requires to protect competition and the public interest.

In administering the Tire Advertising Guides, the Bureau will continue to deal cooperatively with members of the Tire Industry to achieve voluntary compliance with the law.

Through the Cigarette Advertising Guides, approved by the Commission on September 15, 1955, for the use of its staff in evaluating cigarette advertising, the Bureau of Consultation secured the voluntary discontinuance or revision of 66 questionable claims during the past fiscal year.

Because the Tobacco Industry had no generally accepted standard method of testing to determine the "tar" and "nicotine" content of cigarette smoke, the Commission authorized the Bureau to hold a public conference on February 26 and 27, 1968. The purpose of the conference was to give the Commission facts necessary to enable it to adopt testing specifications essential to a proper appraisal of test data on which advertising claims are based.

Attending the conference were representatives of cigarette manufacturing firms, testing laboratories, Government agencies, magazine publishers, and medical groups. The Bureau since has been in contact with a number of manufacturers and testing laboratories in a further effort toward the ultimate addition of a standard method of testing limited to determining the propriety of test data submitted by cigarette companies to substantiate their claims.

## DIVISION OF TRADE PRACTICE CONFERENCES

This Division administers the trade practice conference program of the Commission which provides for:

(1) Establishment and revision of trade practice rules for industries in cooperation with their members

(2) Furnishing of advice and guidance on requirements of the rules and the propriety of business practices as related to them; and

(3) Obtaining voluntary compliance with the rules on an individual as well as an industrywide basis.

Trade practice rules, interpretive of the laws administered by the Commission, define and catalog practices and business behavior considered to be lawful. Such rules greatly reduce the need for individual complaint proceedings, thereby substantially lowering the cost of law enforcement.

The great majority of trade practice conference proceedings result from industry application. When an application is received, all information bearing on whether it should be granted or denied is studied and reported upon to the Commission. Applications are granted when the Commission believes the proceedings will constitute a benefit to the industry.

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as "seconds," secondary line," "rejects," etc. In addition, the rules, totaling 19 in number, cover many other practices with respect to which industry was in need of guidance.

The Nursery Industry rules now provide specifically that labels and advertising must reveal when rose bushes previously have been used previously have been used in greenhouses for the commercial production of cut flowers. In addition, when other specified conditions exist which affect the viability and flower production of such plants, they likewise must be disclosed.

Revised rules for the Paint and Varnish Brush Industry are directed primarily to presenting misrepresentation concerning the composition of the brushing part of the products. The rules require labels to disclose affirmatively the kind of material of which the brushing part is composed whenever the lack of such disclosure has the capacity to deceive purchasers. Conditions under which the word "bristle" shall not be used also are specified in the rules.

The revision of the 1962 Commercial and Industrial Floor and Vacuum Machinery rules extended their application to manufacturers of vacuum cleaners and enlarged their scope to include more unfair trade practices.

**The** rules for the nationwide Rabbit Industry inhibit misrepresentation in the sale and distribution of all types, breeds, varieties, and strains of live domestic rabbits and covies. fair tgongsale acty differion ,

These compliance activities included:

Luggage and Related Products Industry. Substantial progress was made during the year in effecting discontinuance of deceptive leather designations and fictitious price tickets on both men's and women's billfolds.

Fountain Pen and Mechanical Pencil Industry. Industry practices of preticketing products with fictitious and exaggerated prices and misrepresenting their gold content were greatly curtailed by continuous administrative action under the rules.

Rayon and Acetate Textile Industry. The following factors necessitate ever-vigilant administration of these rules in the interest of consumer protection: the present-day use of silk or linen fibers in fabrics composed predominantly of rayon; the weaving or processing of such fabrics to simulate silk or linen; and the tendency to pass off products made therefrom as silk or linen by (1) labeling them as such, (2) using silk or linen-connoting terms to describe them, and (3) failing to disclose the rayon content.

Hosiery Industry. Such practices as labeling industry products with exaggerated regular prices and failing to disclose when they are "seconds," "irregulars," etc., were given attention during the year and corrective action taken.

Poultry Hatching and Breeding Industry. Considerable time was devoted to halting misleading chick designations and the use of "bogus independent" chick outlets in advertising. Liaison work with officials of the National Poultry and Turkey Improvement Plans of the United States Department, of Agriculture and participating State agencies materially assisted in obtaining nationwide rule of observance.

Jewelry Industry. Administrative work under these relatively new rules has been directed at misrepresentation as to gold and silver content of industry products, fictitious pricing of them and misrepresentation of precious and semiprecious stones.

Watch Case Industry. Practices in this industry which received attention during the year involved failure to disclose metal composition and foreign origin of industry products.

Statistics relating to rule interpretation work of the Division during fiscal 1958 are as follows:

Rule interpretation matters pending July 1, 1957 -----	36
Rule interpretations requested during fiscal 1958 -----	221
Rule interpretations effected during fiscal 1958 -----	216
Rule interpretation pending June 30, 1958 -----	41

## DIVISION OF STIPULATIONS

This Division administers the Commission's program for obtaining law observance by voluntary agreement or stipulation to cease and desist. The procedure is informal and was designed to provide a

speedy means of law enforcement without the expense of formal litigation.

Under this procedure, a person charged with engaging in unlawful practices is afforded an opportunity to present his side of the matter informally and to enter into an agreement or stipulation to discontinue those practices shown by the facts to be unlawful. The stipulation becomes effective when approved by the Commission and is a matter of public effective

## Practices Covered by Stipulations

Some of the practices covered by stipulations approved during the fiscal year were:

In four stipulations the parties agreed to stop advertising that their products offered protection against "Asian Flu."

In 44 stipulations manufacturers or distributors of fur products agreed to discontinue

Three manufacturers of cigars and other tobacco products agreed to disclose that certain of their products have paper binders.

Four sellers of various products imported from foreign countries agreed to disclose, the country of origin.

Two manufacturers of water pumps agreed not to misrepresent the capacity of their pumps.

Two manufacturers of juice extractors agreed to discontinue representations that fruit or vegetable juice extracted by their products will assure good health.

Three manufacturers agreed not to represent their shoes as "hand sew" except as to such parts that are.

A vending; machine manufacturer stipulated that he would not misrepresent the profits which may be realized by purchasers of this machine.

A corporation offering correspondence courses agreed not to use the word "Institute" in its corporate name or otherwise.

A directory publisher stipulated not to represent that his publication or business is connected with the United States Government.

An advertiser of a hair-and-scalp preparation agreed to discontinue claims that use of this preparation will prevent loss of hair.

#### Initial Compliance

During the fiscal year 136 reports of compliance submitted by parties to recently approved stipulations were received and filed as showing satisfactory compliance. Sixteen reports not considered satisfactory or needing further investigation were referred to other Bureaus for appropriate attention. Two matters were reported to the Commission with recommendation for filing. Fifty-seven matters were pending at the close of the year.

#### Stipulation Compliance Check

The following is a summary of the program for checking compliance with older stipulations:

On hand July 1, 1957	87
Initiated during period	275
Received from Bureau of Investigation	18
Total	380
Filed as showing compliance	235
Reported to the Commission with recommendation for:	
Filing after voluntary correction of violations	19
Rescission of stipulation	2
Amendment of stipulation	2
Referred to the Bureau of Investigation for further attention	37
Total	295
On hand at end of period	85

## DIVISION OF SMALL BUSINESS

The purpose of this

## ECONOMICS

The functions of this Bureau are to give economic and statistical assistance to the Commission in its investigative and trial work, to make economic studies for publication in response to requests by the Commission, by Congress, or by the President, and to compile and publish quarterly financial reports covering manufacturing corporations. The first two functions are performed by the Division of Economic studies



antibiotic

economic exhibits. Background data also was prepared in connection with the litigation of several major restraint-of-trade cases.

Assistance also was given by the Division to the Bureau of Consultation in its development of staff guides for cigarette advertising. This involved making a pilot study of cigarette smoking habits, conducted in the Washington, D.C. area, in order to provide data for the development of questionnaire forms.

As the staff requirements of the antibiotics study were decreasing, the Division, early in 1958, undertook a report on concentration in the cement manufacturing industry in objective of the report was appraisal of the probable effects on concentration of the Federal Road Building Program and other current developments affecting the industry. Field interviews were completed with cement manufacturers and leading cement users in regard to current marketing practices and recent economic developments in the industry. Analysis and summary of the materials developed was in progress at the end of the year.

In response to an inquiry from the Senate Small Business Committee, the Division assisted in the preparation of general resolution concerning a survey of the food industry.

## DIVISION OF FINANCIAL STATISTICS

The primary function of the Division of Financial Statistics is to collect and summarize each quarter uniform financial statements from a systematic (probability) sample of all enterprises, except newspapers, which

and appraise costs by comparing a company's operating results with the average performance of companies of similar size or in the same line of business, to determine whether to undertake new ventures by comparing the profitability of various types of business activity, and as a guide to the relative movement of sales and profits in order to reduce controversies in wage negotiations.

# APPROPRIATIONS AND FINANCIAL OBLIGATIONS

## FUNDS AVAILABLE FOR FISCAL YEAR 1958

Funds available to the Commission for the fiscal year 1958 amounted to \$6,185,500. Public Law 85-69, 85th Congress, approved June 29, 1957, provided \$5,950,000; and Joint Resolution, Title II—providing for increased pay costs, Public Law 86-72, 85th Congress, approved June 30, 1958, provided the sum of \$235,500.

### Obligations by Activities, Fiscal Year 1958

1. Antimonopoly:		
Investigation and litigation	-----	2,692,270
Economic and financial reports	-----	546,530
2. Deceptive practices:		
Investigation and litigation	-----	1,396,390
Trade practice conferences and small business	-----	295,020
Textile and fur enforcement	-----	460,160
Lanham act and insurance	-----	36,770
3. Executive direction and management	-----	406,160
4. Administration	-----	351,228
		\$6, 185, 048

### Settlements Made Under Federal Tort Claims Act

During the fiscal year 1958 the Commission paid no claim nor were any claims pending.

### Comparative Appropriations

Appropriations available to the Commission for the past 3 fiscal years and obligations for the same period, together with the unobligated balances, as shown in the table below. The table also lists the number of employees as of June 30 of each year.

Year	Number of employees	Nature of appropriations	Appropriations	Obligation	Balance
1956	641	Lump sum (including printing and R Tj 0 -11.Tj 0 Tc ( ) Tj 3.365y4			
1957	744				
1958	738				

## APPENDIXES

## Federal Trade Commissioners-1915-58

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-Apr. 21, 1917.
George Rublee	New Hampshire	Mar. 16, 1915-May 14, 1916.
William B. Colver	Minnesota	Mar. 16, 1917-Sept. 25,
John Franklin Fort	New Jersey	1920.
Victor Murdock	Kansas	Mar. 16, 1917-Nov. 30, 1919.
Huston Thompson	Colorado	Sept. 4, 1917-Jan. 31, 1924.
Nelson B. Gaskill	New Jersey	Jan. 17, 1919-Sept. 25, 1926.
John Garland Pollard	Virginia	Feb.1, 1920-Feb. 24, 1925.
John F. Nugent	Idaho	Mar.6, 1920 -Sept. 25, 1921.
Vernon W. Van Fleet	Indiana	Jan.15, 1921-Sept. 25, 1927.
Charles W. Hunt	Iowa	June 26, 1922-July 31, 1926.
William E. Humphrey	Washington	June 16, 1924-Sept.25,1932.
Abram F. Myers	Iowa	Feb.25, 1925-Oct. 7, 1933.
Edgar A. McCulloch	Arkansas	Aug.2, 1926-Jan. 15,1929.
Garland S. Ferguson	North Carolina	Feb. 11, 1927-Jan. 23, 1933.
Charles H. March	Minnesota	Nov.14,1927-Nov.15, 1949.
Ewin L. Davis	Tennessee	Feb. 1, 1929-Aug. 28, 1945.
Raymond B. Stevens	New Hampshire	May 26, 1933-Oct. 23, 1949,
James M. Landis	Massachusetts	June 26,1933-Sept.25, 1933.
George C. Mathews	Wisconsin	Oct. 10, 1933-June 30, 1934.
William A. Ayres	Kansas	Oct. 27,1933-June 30, 1934.
Robert E. Freer	Ohio	Aug. 23,1934-Feb. 17, 1952.
Lowell B. Mason	Illinois	Aug. 27,1935-Dec. 31, 1948,
John Carson	Michigan	Oct. 15, 1945-Oct. 31, 1056
James M. Mead	New York	Sept.28,1949-March
Stephen J. Spingarn	New York	31,1953.
Albert A. Carretta	Virginia	Nov.16,1949-Sept.25, 1955.
Edward F. Howrey	Virginia	Oct. 25, 1950-Sept.25, 1953.
John W. Gwynne	Iowa	June 18, 1952-Sept.25, 1954.
Robert T. Secrest	Ohio	April 1, 1953-Sept. 12, 1955.
Sigurd Anderson	South Dakota	Sept. 26, 1953-.
William C. Kern	Indiana	Sept. 26, 1954-.
Edward T. Tait	Pennsylvania	Sept. 12, 1955-.
		Sept. 26, 1955 - .
		Nov. 2, 1956 - .

## Types of Unfair Methods and Practices

The following list illustrates unfair methods of competition and unfair or deceptive acts and practices condemned by the Commission from time to time in its orders to cease and desist. The list is not limited to orders issued during the fiscal year. Because of space limitation it does not include all of the specific practices outlawed by the Clayton Act and committed to the Commission's jurisdiction, namely, various forms of price discrimination, exclusive dealing and tying arrangements, competitive stock acquisition, and certain kinds of competitive interlocking directorates.

1. The use of false or misleading advertising

12. 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 are not new or that second-hand materials have been used.

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

14. Using concealed subsidiaries, ostensibly independent, to obtain competitive business otherwise unavailable, and making use of false and misleading representations, schemes, and practices to obtain representatives and make contracts, such as pretended puzzle-prize contests purportedly offering opportunities to win handsome prizes, but which are in fact mere "come-on" schemes and devices in which the seller's true identity and interest are initially concerned.

15. Selling or distributing punchboards and other lottery crevices which are to be or may be used in the sale of merchandise by lot or chance; using merchandising schemes based on lot or chance, or on a pretended contest of skill.

16. Combinations or agreements of competitors to fix, enhance, or depress prices, maintain prices' bring about substantial uniformity in prices, or divide territory or business, to cut off or interfere with competitors' sources of supply, or to close market to competitors; or use by trade associations of so-called standard cost system, price lists, or guides, or exchange of trade information calculated to bring about these ends, or otherwise restrain or hinder free competition.

11. 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.

18. Aiding, assisting, or abetting unfair practice, misrepresentation, and deception, and furnishing means of 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. TDA051119ued assistup2 Tc06du2 Tc 0 5tributor to cause him tnMi8TD T926 Tc (whrlle him 8TD

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

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

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

(b) Making false claim of being the authorized distributor of some concern, or failing to disclose the termination of such relationship, in soliciting customers of such concern, or of being successor thereto or connected therewith, or of being the purchaser of competitor's business, or falsely representing that competitor's business has been discontinued, or falsely claiming the right to prospective customer's special consideration ~~relationship, claim~~ branches, or ~~22D 0 hof~~ of the ratio ~~4TD 0~~ ~~16c (10)~~ ~~18:64~~



(b) Obtaining orders on the basis of samples displayed for customer's selection and failing or refusing to respect such selection thereafter in filling of orders, or promising results impossible of fulfilment, or falsely making promises or holding out guaranties, or the right of return, or results, or refunds, replacements, or reimbursements or special or additional advantages to the prospective purchasers such as extra credit, or furnishing of supplies or advisory assistance; or falsely assuring the purchaser or prospective purchaser that certain special or exclusively personal favors or advantages are being granted him.

(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 therefor 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, such as practice of declining to return original photograph from which enlargement has been made until purchaser has also entered into commitment for frame therefor.

(f) Falsely representing earnings or profits of agents, dealers, or purchasers, or the terms or conditions involved, such as false statement that participation by merchant in seller's sales promotion scheme is without cost to merchant, and that territory assigned an agent, representative, or distributor is new or exclusive.

(g) Obtaining agents or representatives to distribute the seller's products through falsely promising to refund the money paid by them should the product prove unsatisfactory, or promising that the agent would be granted right to exclusive or new territory, would be given assistance by seller, or would be given special credit or furnished supplies, or overstating the amount of his earnings or the opportunities which the employment offers.

(h) Advertising a price for a product as illustrated or described and not including in such price all charges for equipment or accessories illustrated or described or necessary for use of the product or customarily included as standard equipment, and failing to include all charges not specified as extra"

23. Giving products misleading names so as to give them a value to the purchasing public which they would not otherwise possess, such as names implying falsely that—

(a) The products were made for the Government or in accordance with its specifications and of corresponding quality, or that the advertiser is connected with the Government in some way, or in some way the products have been passed upon, inspected, underwritten, or endorsed by it; or

(b) They are composed in whole or in part of ingredients or materials which in fact are present 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 part of the general purchasing public; or

(g) They were made in a country, or city, or locality considered of importance in connection with the public taste, preference, or prejudice; or

(h) They have the usual characteristics of value of a product properly so designated, as through use of a common, generic name, such as "paint," to designate a product lacking the necessary ingredients of paint; or

(i) They are of greater value, durability, and desirability than is the fact, as labeling rabbit fur as "Beaver"; or

(j) They are designed, sponsored, produced, or approved by the medical profession, health and welfare associations, hospitals, celebrities, educational institutions and authorities, such as the use of letters "M. D." and the words "Red Cross" and its insignia and words "Boy Scout."

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

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

26. Coercing and forcing uneconomic and monopolistic reciprocal dealing.

27. Entering into contracts in restraint of trade whereby foreign corporations agree not to export certain products to the United States in consideration of a domestic company's agreement not to export the same commodity, nor to sell to anyone other than those who agree not to so export the same.

28. Employing various false and misleading representations and practices attributing to products a standing, merit and value to the purchasing public, or a part thereof, which they do not possess, such practices including—

(a) Misrepresenting, through salesmen or otherwise, products' composition, nature, qualities, results accomplished, safety, value, and earnings or profits to be had therefrom.

(b) Falsely claiming unique status or advantages, or special merit therefor, on the basis of misleading and ill-founded demonstrations or scientific tests, or pretended widespread tests, or of pretended widespread and critical professional acceptance and use.

(c) Misrepresenting the history or circumstances involved in the making and offer of the products or the source or origin thereof (foreign or domestic), or of the ingredients entering therein, or parts thereof, or the opportunities brought to the buyer through purchase of the offering, or otherwise misrepresenting scientific or other facts bearing on the value thereof to the purchaser

(d) Falsely representing products as legitimate, or prepared in accordance with Government or official standards or specifications.

(e) Falsely claiming Government or official or other acceptance, use, and endorsement of product, and misrepresenting success and standing thereof through use of false and misleading endorsements or false and misleading claims with respect thereto, or otherwise.

(f) Making use of a misleading trade name and representing by other means that the nature of a business is different than is the fact, such as a collection agency engaged in tracing alleged delinquent debtors representing itself to be a delivery system, an organization in search of missing heirs, or one connected with a Government agency.

(g) Misrepresenting fabrics or garments as to fiber content and in the case of wool products, failing to attach tags thereto indicating the wool, reused wool, reprocessed wool or other fibers contained therein, and the identity of the manufacturer or qualified reseller, as required by the Wool Products Labeling Act, or removing or mutilating tags required to be affixed to the products when they are offered for sale to the public.

29. Failing and refusing to deal justly and fairly with customers in consummating transactions undertaken through such practices as refusing to correct mistakes in filling orders or to make promised adjustments or refunds, and retaining, without refund, goods returned for exchange or adjustment, and enforcing, notwithstanding agents' alterations, printed terms of purchase contracts, and

## Statutes Pertaining to the Federal Trade Commission

The authority and powers of the Federal Trade Commission in the main are drawn from the following statutes:

1. Federal Trade Commission Act, approved September 26, 1914 (38 Stat. 717), and subsequently amended as indicated below.

- 2.

person chosen to fill a vacancy shall be appointed only for the unexpired term of the commissioner whom he shall succeed: Provided, however, That upon the expiration of his term of office a commissioner shall continue to serve until his successor shall have been appointed and shall have qualified. The Commission shall choose a chairman from its own membership. <sup>1</sup> No commissioner shall engage in any other business, vocation, or employment. Any commissioner may be removed by the President for inefficiency, neglect of duty, or malfeasance in office. A vacancy in the Commission shall not impair the right of the remaining commissioners to exercise all the powers of the Commission.

The Commission shall have an official seal, which shall be judicially noticed.

SEC. 2. That each commissioner shall receive a salary of \$10,000 a year, <sup>2</sup> payable in the same manner as the salaries of the judges of the courts of the United States. The Commission shall appoint a secretary who shall receive a salary of \$5,000 a year, <sup>3</sup> payable in like manner, and it shall have authority to employ and fix the compensation of such attorneys, special experts, examiners, clerks, and other employees as it may from time to time find necessary for the proper performance of its duties and as may from time to time be appropriated for by Congress.

With the exception of the secretary, a clerk to each commissioner, the attorneys, and such special experts and examiners as the Commission may from time to time find necessary for the conduct of its work, all employees of the commission shall be a part of the classified civil service, and shall enter the service under such rules and regulations as may be prescribed by the Commission and by the Civil Service Commission.

All of the expenses of the Commission, including all necessary expenses for transportation incurred by the commissioners or by their employees under their orders, in making any investigation, or upon official business in any other places than in the city of Washington, shall be allowed and paid on the presentation of itemized vouchers therefor approved by the Commission.

Until otherwise provided by law, the Commission may rent suitable offices for its use.

The Auditor for the State and Other Departments shall receive and examine all accounts of expenditures of the Commission. <sup>4</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 investigations and proceedings of the Bureau of Corporations shall be continued by the Commission.

All clerks and employees of the said bureau shall be transferred to and become clerks and employees of the Commission at their present grades and salaries. All records, papers, and property of the said bureau shall become records, papers, and property of the Commission, and all unexpended funds and appropriations for the use and maintenance of the said bureau, including any allotment already made to it by the Secretary of Commerce from the contingent appropriation for the Department of Commerce for the fiscal year nine2 0.0125 Tw (usTD



(3) Nothing contained in this Act or in any of the Antitrust Acts shall render unlawful the exercise or the enforcement of any right or right of action created by any statute, law, or public policy now or hereafter in effect in any State, Territory, or the District of Columbia, which in substance provides that willfully and knowingly advertising, offering for sale, or selling any commodity at less than the price or prices prescribed in such contracts or agreements whether the person so advertising, offering for sale, or selling is or is not a party to such a contract or agreement, is unfair competition and is actionable at the suit of any person damaged thereby.

(4) Neither the making of contracts or agreements as described in paragraph (2) of this subsection, nor the exercise or enforcement of any right or right of action as described in paragraph (3) of this subsection shall constitute an unlawful burden or restraint upon, or interference with, commerce.

(5) Nothing contained in paragraph (2) of this subsection shall make lawful contracts or agreements providing for the establishment or maintenance of minimum or stipulated resale prices on any commodity referred to in paragraph (2) of this subsection, between manufacturers, or between producers, or between wholesalers, or between brokers, or between factors, or between retailers, or between persons, firms, or corporations in competition with each other.

(6) 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, and persons, partnerships, or corporations subject to the Packers and Stockyards Act, 1921, except as provided in section 406 (b)

of

After



of the Commission or judgment of court to enforce the same shall in anywise relieve or absolve any person, partnership, or corporation from any liability under the Antitrust Acts.

(f) Complaints, orders, and other processes of the Commission under this section may be served by anyone duly authorized by the Commission, either (a) by delivering a copy thereof to the person to be served, or to a member of the partnership to be served, or the president, secretary, or other executive officer or a director of the corporation to be served; or (b) by leaving a copy thereof at the residence or the principal office or place of business of such person, partnership, or corporation; or (c) by registering and mailing a copy thereof addressed to such person, partnership, or corporation at his or its residence or principal office or place of business. The verified return by the person so serving said complaint, order, or other process setting forth the manner of said service shall be proof of the same, and the return post office receipt for said complaint, order, or other process registered and mailed as aforesaid shall be proof of the service of the same.

(g) An order of the Commission to cease and desist shall become final—

(1) Upon the expiration of the time allowed for filing a petition for review, if no such petition has been duly filed within such time; but the Commission may thereafter modify or set aside its order to the extent provided in the last sentence or subsection (b); or

(2) Upon the expiration of the time allowed for filing a petition for certiorari, if the order of the Commission has been affirmed, or the petition for review dismissed by the circuit court of appeals, and no petition for certiorari has been duly filed; or

(3) Upon the denial of a petition for certiorari, if the order of the Commission has been affirmed or the petition for review dismissed by the circuit court of appeals; or

(4) Upon the expiration of thirty days from the date of issuance of the mandate of the Supreme Court, if such Court directs that the order of the Commission be affirmed or the petition for review dismissed.

(h) If the Supreme Court directs that the order of the Commission be modified or set aside, the order of the Commission rendered in accordance with the mandate of the Supreme Court shall become final upon the expiration of the

(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.

(1) Any person, partnership, or corporation who violates an order to the Commission to cease and desist after it has become final, and while such order is in effect, shall forfeit and pay to the United States a civil penalty of not more than \$5,000 for each violation, which shall accrue to the United States and may be recovered in a civil action brought by the United States. Each separate violation of such an order shall be a separate offense, except that in the case of a violation through continuing failure or neglect to obey a final order of the Commission each day of continuance of such failure or neglect shall be deemed a separate offense.<sup>7</sup>

SEC. 6. That the Commission shall also have power—

(a) To gather and compile information concerning, and to investigate from time to time the organization, business, conduct, practices, and management of any corporation engaged in commerce, excepting banks and common carriers subject to the Act to regulate commerce, and its relation to other corporations and individuals, associations, and partnerships.  
or prescribe,

(b) To require, by general or special orders, corporations engaged in commerce, excepting banks, and common carriers subject to the Act to regulate commerce, or any class of them, or any of them, respectively, to file with the commission in such form as the commission may prescribe annual or special, or both annual and special, reports or answers in writing to specific questions, furnishing to the commission such information as it may require as to the organization, business, conduct, practices, management, and relation to other corporations, partnerships, and individuals of the respective corporations filing such reports or answers in writing. Such reports and answers shall be made under oath, or otherwise, as the commission may prescribe, and made under oath or otherwise, as the commission may



The commission may order testimony to be taken by deposition in any proceeding or investigation pending under this Act at any stage of such proceeding or investigation. Such depositions may be taken before any person designated by the commission and having power to administer oaths. Such testimony shall be reduced to writing by the person taking the deposition, or under his direction, and shall then be subscribed by the deponent. Any person may be compelled to appear and depose and to produce documentary evidence in the same manner as witnesses may be compelled to appear and testify and produce documentary evidence before the commission as hereinbefore provided.

Witnesses summoned before the commission shall be paid the same fees and mileage that are paid witnesses in the courts of the United States, and witnesses whose depositions are taken, and the persons taking the same shall severally be entitled to the same fees as are paid for like services in the courts of the United States.

No person shall be excused from attending and testifying or from producing documentary evidence before the commission or in obedience to the subpoena of the commission on the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him may tend to criminate him or subject him to a penalty or forfeiture. But no natural person shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he may testify, or produce evidence, documentary or otherwise, before the commission in obedience to a subpoena issued by it; Provided, That no natural person so testifying shall be exempt from prosecution and punishment for perjury committed in so testifying.

SEC. 10. That any person who shall neglect or refuse to attend and testify, or to answer any lawful inquiry, or to produce documentary evidence, if in his power to do so, in obedience to the subpoena or lawful requirement of the commission, shall be guilty of an offense and upon conviction thereof by a court of competent jurisdiction shall be punished by a fine of not less than \$1,000 nor more than \$5,000, or by imprisonment for not more than one year, or by both such fine and imprisonment.

Any person who shall willfully make, or cause to be made, any false entry or statement of fact in any report required to be made under this Act, or who shall willfully make, or cause to be made, any false entry in any account, record, or memorandum kept by any corporation subject to this Act, or who shall willfully neglect or fail to make, or cause to be made, full, true, and correct entries in such accounts, records, or memoranda of all facts and transactions appertaining to the business of such corporation, or who shall willfully remove out of the jurisdiction of the United States, or wilfully mutilate, alter, or by any other means falsify any documentary evidence of such corporation, or who shall willfully refuse to submit to the commission or to any of its authorized agents, for the purpose of inspection and taking copies, any documentary evidence of such corporation in his possession or within his control, shall be deemed guilty of an offense against the United States, and shall be subject, upon conviction in any court of the United States of competent jurisdiction, to a fine of not less than \$1,000 nor more than \$5,000 or to imprisonment for a term of not more than three years, or to both such fine and imprisonment.

If any corporation required

civil suit in the name of the United States brought in the district where the corporation has its principal office or in any district in which it shall do business. It shall be the duty of the various district attorneys, under the direction of the Attorney General of the United States, to prosecute for the recovery of forfeitures. The costs and expenses of such prosecution shall be paid out of the appropriation for the expenses of the courts of the United States.

Any officer or employee of the commission who shall make public any information obtained by the commission without its authority, unless directed by a court, shall be deemed guilty of a misdemeanor, and, upon conviction thereof, shall be punished by a fine not exceeding \$5,000, or by imprisonment not exceeding one year, or by fine and imprisonment, in the discretion of the court.

SEC. 11. Nothing contained in this Act shall be construed to prevent or interfere with the enforcement of the provisions of the antitrust Acts or the Acts to regulate commerce, nor shall anything contained in the Act be construed to alter, modify, shall the

provisions of the antitrust Acts or the Acts to regulate commerce, nor shall anything contained in the Act be construed to alter, modify, shall the

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

SEC. 14. <sup>9</sup> (a) Any person, partnership, or corporation who violates any provision of section 12 (a) shall, in 1.9e if the use of the commodity advertised may be injurious to health because of results from such use under the conditions prescribed in the advertisement thereof, or under such conditions as are customary or usual, or convictitso if such violation is with intent to defraud or mislead, be guilty of a misdemeanor, and upon conviction shall be punished by a fine of not more than \$5,000 or by imprisonment for not more than six months, if by



# Clayton Act <sup>1</sup>

(Approved in original form Oct. 14, 1914; 38 Stat. 730; 15 U. S. C. Sec. 12, et. seq.)  
[PUBLIC—No. 212—63D CONGRESS, AS AMENDED BY PUBLIC—No. 692—74TH  
CONGRESS, <sup>1</sup> AND PUBLIC—No. 899—81ST CONGRESS]  
[H. R. 15657]

AN ACT To supplement existing laws against unlawful restraints and monopolies, and  
for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That "antitrust laws," as used herein, includes the Act entitled "An Act to protect trade and commerce against unlawful restraints and monopolies," approved July second, eighteen hundred and ninety; sections seventy-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. <sup>2</sup> (a) That it shall be unlawful for any person engaged in commerce, in the course of such commerce, either directly or indirectly, to discriminate in price between different purchasers of commodities of like grade and quality, where either or any of the purchases involved in such discrimination are in commerce, where such commodities are sold for use, consumption, or resale within the United States or any Territory thereof or the District of Columbia or any insular possession or other place under the jurisdiction of the United States, and where the effect of such discrimination may be substantially to lessen competition or tend to create a monopoly in any line of commerce, or to injure, destroy, or prevent competition with any person who either grants or knowingly receives the benefit of such discrimination, or with customers of either of them: Provided, That nothing herein contained shall prevent differentials which make only due allowance for differences in the cost of manufacture, sale, or delivery resulting from the differing methods or quantities

<sup>1</sup> The Robinson-Patman Act, approved June 19, 1936 49 Stat. 1526; 15 U. S. C., Sec. 13 (see footnote 2). See also footnote 4 on page 96 and footnote 8 on page 101, with respect to the repeal of Sec. 7615 D Tc (1) by 4992 0 TD -0.0r75 Tc 0.0225 ino





SEC. 4. That any person who shall be injured in his business or property by reason of anything forbidden in the antitrust laws may sue therefor in any district court of the United States in the district in which the defendant resides, or is found, or has an agent, without respect to the amount in controversy, and shall recover threefold the damages by him

of the acquisition of stock or otherwise of any other common carrier where there is no substantial competition between the company extending its lines and the company whose stock, property, or an interest therein is so acquired.

Nothing contained in this section shall be held to affect or impair any right heretofore legally acquired: Provided, That nothing in this section shall be held or construed to authorize or make lawful anything heretofore prohibited or made illegal by the antitrust laws, nor to exempt any person from the penal provisions thereof or the civil remedies therein provided.

Nothing contained in this section shall apply to transactions duly consummated pursuant to authority given by the Civil Aeronautics Board, Federal Communications Commission, Federal Power Commission, Interstate Commerce Commission, the Securities and Exchange Commission in the exercise of its jurisdiction under section 10 of the Public Utility Holding Company Act of 1935, the United States Maritime Commission, or the Secretary of Agriculture under any statutory provision vesting such power in such Commission, Secretary, or Board.

SEC. 8. No private banker or director, officer, or employee of any member bank of the Federal Reserve System or any branch thereof shall be at the same time a director, officer, or employee of any other bank, banking association, savings bank, or trust company organized under the National Bank Act or organized under the laws of any State or of the District of Columbia, or any branch thereof, except that the Board of Governors of the Federal Reserve System may by regulation permit such service as a director, officer, or employee of not more than one other such institution or branch thereof; but the foregoing prohibition shall not apply in the case of any one or more of the following or any branch thereof:

(1) A bank, banking association, savings bank, or trust company, more than 90 per centum of the stock of which is owned directly or indirectly by the United States or by any corporation of which the United States directly or indirectly owns more than 90 per centum of the stock.

(2) A bank, banking association, savings bank, or trust company which has been placed formally in liquidation or which is in the hands of a receiver, conservator, or other official exercising similar functions.

(3) A corporation, principally engaged in international or foreign banking or banking in a dependency or insular possession of the United States which has entered into



SEC. 11. <sup>5</sup> That authority to enforce compliance with sections 2, 3, 7, and 8 of this Act by the persons respectively subject thereto is hereby vested in the Interstate Commerce Commission where applicable

Any part required by such order of the Commission or Board to cease and desist from a violation charged may obtain a review of such order in said United States court of appeals by filing in the court a written petition praying that the order of the Commission or Board be set aside. A copy of such petition shall be forthwith served upon the Commission or Board, and thereupon the Commission or Board forthwith shall certify and file in the court a transcript of the record as hereinbefore provided. Upon the filing of the transcript the court shall have the same jurisdiction to affirm, set aside, or modify the order of the Commission or Board as in the case of an application by the Commission or Board for the enforcement of its order, and the findings of the Commission or Board as to the facts, if supported by substantial evidence, shall in like manner be conclusive.

The jurisdiction of the United States court of appeals to enforce, set aside, or modify orders of the Commission or Board shall be exclusive.

Such proceedings in the United States court of appeals shall be given precedence over cases pending therein, and shall be in every way expedited. No order of the Commission or Board or the judgment of the court to enforce the same shall in anywise relieve or absolve any person from any liability under the antitrust Acts.

Complaints, orders, and other processes of the Commission or Board under this section may be served by anyone duly authorized by the Commission or

SEC. 16. That an

of the party making the application, for which injury there is no adequate remedy at law, and such property or property right must be described with particularity in the application which must be in writing and sworn to by the applicant or by his agent or attorney.

And no such restraining order or injunction shall prohibit any person or persons, whether singly or in concert, from terminating any relation of employment, or from ceasing to perform any work or labor, or from recommending, advising, or persuading others by peaceful means so to do; or from attending at any place where any such person or persons may lawfully be, for the purpose of peacefully obtaining or communicating information, or from peacefully persuading any person to work or to abstain from working; or from ceasing to patronize or to employ any party to such dispute, or from recommending, advising, or persuading others by peaceful and lawful means so to do; or from paying or giving to, or withholding from, any persons engaged in such dispute, any strike benefits or other moneys or things of value; or from peaceably assembling in a lawful manner, and for lawful purposes; or from doing any act or thing which might lawfully be done in the absence of such dispute by any party thereto; nor shall any of the acts specified in this paragraph be considered or held to be violations of any law of the United States.

SEC. 21.<sup>7</sup> That any person who shall willfully disobey any lawful writ, process, order, rule, decree, or command of any district court of the United States or any court of the District of Columbia by doing any act or thing therein, or thereby forbidden to be done by him, if the act or thing so done by him be of such character as to constitute also a criminal offense under any statute of the United States, or under the laws of any State in which the act was committed, shall be proceeded against for his said contempt hereinafter provided.

SEC. 22.<sup>7</sup> That whenever it shall be made to appear to any district court or judge thereof, or to any judge therein sitting, by the return of a proper officer or lawful process, or upon the affidavit of some credible person, or by information filed by any district attorney, that there is reasonable ground to believe that any person has been guilty of such contempt, the court or judge thereof, or any judge therein sitting, may issue a rule requiring the said person so charged to show cause upon a day certain why he should not be punished therefor, which rule, together with a copy of the affidavit or information, shall be served upon the person charged, with sufficient promptness to enable him to prepare for and make return to the order at the time fixed therein. If upon or by such return, in the judgment of the court, the alleged contempt be not sufficiently purged, a trial shall be directed at a time and place fixed by the court: Provided, however, That if the accused, being a natural person, fail or refuse to make return to the rule to show cause, an attachment may issue against his person to compel an answer, and in case of his continued failure or refusal, or if for any reason it be impracticable to dispose of the matter on the return day, he may be required to give reasonable bail for his attendance at the trial and his submission to the final judgment of the court. Where the accused is a body corporate, an attachment for the sequestration of its property may be issued upon like refusal or failure to answer.

In all cases within the purview of this Act such trial may be by the court, or, upon demand ~~the~~ 6 OD 0

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Territory and any State or foreign nation, or between the District of Columbia and any State or Territory or foreign nation.

(c) The term "Territory" includes the insular possessions of the United States and also any Territory of the United States.

(d) The term "article of wearing apparel" means any costume or article of clothing worn or intended to be worn by individuals except hats, gloves, and footwear: Provided, however, That such hats do not constitute or form part of a covering for the neck, face, or shoulders when worn by individuals: Provided further, That such gloves are not more than fourteen inches in length and are not affixed to or do not form an integral part of another garment: And provided further, That such footwear does not consist of hosiery in whole or in part and is not affixed to or does not form an integral part of another garment.

(e) The term "fabric" means any material (other than fiber, filament, or yarn) woven, knitted, felted, or otherwise produced from or in combination with any natural or synthetic fiber, film, or substitute therefor which is intended or sold for use in wearing apparel except that interlining fabrics <sup>(h)</sup> when intended or sold for use in wearing apparel shall not be subject to this Act. is (b)(3) (b) 0036 4c (2D) Tc 0 2 Tj3

(f) The term "interlining" means any fabric which is intended for incorporation into an article of wearing apparel as a layer between an outer shell and an inner lining.

(g) The term "Commission" means the Federal Trade Commission.

(h)

forth his findings together with such proposals for legislation as he deems appropriate.

(c) Notwithstanding the provisions of paragraph 3.1 Commercial Standard 191–53, textiles free from nap, pile, tufting, flock, or other type of raised fiber surface when tested as described in said standard shall be classified as class 1, normal flammability, when the time of flame spread is three and one-half seconds or more, and as class 3, rapid and intense burning, when the time of flame spread is less than three and one-half seconds.<sup>1</sup>

#### ADMINISTRATION AND ENFORCEMENT

SEC. 5. (a) Except as otherwise specifically provided herein, sections 3, 5, 6, and 8 (b) of this Act shall be enforced by the Commission under rules, regulations and procedures provided for in the Federal Trade Commission Act.

(b) The Commission is authorized and directed to prevent any person from violating the provisions of section 3 of this Act in the same manner, by the same means and with the same jurisdiction, powers and duties as though all applicable terms and provisions of the Federal Trade Commission Act were incorporated into and made a part of this Act; and any such person violating any provision of section 3 of this Act shall be subject to the penalties and entitled to the privileges and immunities provided in said Federal Trade Commission Act as though the applicable terms and provisions of the said Federal Trade Commission Act were incorporated into and made a part of this Act.

(c) The Commission is authorized and directed to prescribe such rules and regulations as may be necessary and proper for purposes of administration and enforcement of this Act.

(d) The Commission is authorized and directed to prescribe such rules and regulations as may be necessary and proper for purposes of administration and enforcement of this Act.



## EXCLUSIONS

SEC. 11. The provisions of this Act shall not apply (a) to any common carrier, contract carrier, or freight forwarder with respect to an article of wearing apparel or fabric shipped or delivered for shipment into commerce in the ordinary course of its business; or (b) to any converter, processor, or finisher in performing a contract or commission service for the account of a person subject to the provisions of this Act: Provided, That said converter, processor, or finisher does not cause any article of wearing apparel or fabric to become subject to this Act contrary to the terms of the contract or commission service; or (c) to any article of wearing apparel or fabric shipped or delivered for shipment into commerce for the purpose of finishing or processing to render such article or fabric not so highly flammable, under the provisions of section 4 of this Act, as to be dangerous when worn by individuals.

## EFFECTIVE DATE

SEC. 12. This Act shall take effect one year after the date of its passage.

## AUTHORIZATION OF NECESSARY APPROPRIATIONS

SEC. 13. There is hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

Approved June 30, 1953.

## General Investigations by the Commission, since 1915

Since its establishment in 1915, the Federal Trade Commission has conducted numerous general inquiries which are alphabetically listed and briefly described in

competitors rather than capital stock. <sup>4</sup> (See also under Farm Implements and Independent Harvester Co.)  
Agricultural Income (Congress).—Investigating a decline in agricultural income and increases or decreases in the income of corpo





Coffee (F. T. C.).—In its 1954 Economic Report of the Investigation of Coffee Prices, the Commission reported that the coffee price spiral of 1953-54 "cannot be explained in terms of the competitive laws of supply and demand." The report lists and discusses six major factors responsible for the price spiral, and recommends Congressional action to correct some of the "market imperfections" and "irregularities" found. (523 pp., 7/30/54.)

Combed Cotton Yarns.—See Textiles.

Commercial Bribery (F. T. C.).—Investigating the prevalence of bribery of customers' employees as a means of obtaining trade, the Commission published A Special Report on Commercial Bribery (H. Doc. 1107, 65th, 3 p., o. p., 5/15/18), recommending legislation striking at this practice; Commercial Bribery (S. Doc. unnumbered, 65th, 36 p., o. p., 8/22/18); and Commercial Bribery (S. Doc. 258, 66th, 7 p., o. p., 3/18/20).

Concentration in Manufacturing, Changes in, 1935 to 1947 and 1950 (F. T. C.).— This 153-page report shows that, on the basis of a study of the top 200 companies, concentration in American manufacturing was 2.8 percentage points higher in 1950 than in 1935. The report explores the reasons for the changes in recorded concentration in individual industries.

Concentration of Productive Facilities (F. T. C.).—In a study of the extent of concentration of economic power, the Commission reported that 46 percent of the total net capital assets of all manufacturing corporations in the United States in 1947 was concentrated in the 113 largest manufacturers. The report is entitled The Concentration of Productive Facilities, 1947—Total Manufacturing and 26 Selected Industries (96 p.). See also Divergence between Plant and Company Concentration.

Control of Iron Ore (F. T. C.).—A study of the concentration of iron ore supplies covers the sources and consumption of iron ore in 1948, an estimate of reserves available to major companies and an analysis of effect of possible shortage on big and small companies. The Control of Iron Ore, o. p. (1952).

Cooperation in American Export Trade.—See Foreign Trade.

Cooperation in Foreign Countries (F. T. C.).—Inquiries made by the Commission regarding the cooperative movement in 15 European countries resulted in a report, Cooperation in Foreign Countries (S. Doc. 171, 68th, 202 p., o. p., 11/29/24), recommending further development of cooperation in the United States.

Cooperative Marketing (Senate).—This inquiry (S. Res. 34, 69th, 3/17/25) covered the development of the cooperative movement in the U. S. and illegal interferences with the formation and operation of cooperatives; and a comparative study of costs, prices, and marketing methods (Cooperative Marketing, S. Doc. 95, 70th, 721 p., o. p., 4/30/28).

Copper.—See Wartime Cost Finding, 1917-18.

Copper Industry (F. T. C.).—The Commission's report on The Copper Industry, transmitted to Congress (3/11/47), was in two parts: Part I—The Copper Industry of the United States and International Copper Cartels, and Part II—Concentration and Control by the Three Dominant Companies, o. p. The Commission reported that "The copper situation is particularly serious, not only because of the concentration of control of the ore reserves and of the productive capacity, but also because the domestic supply is inadequate to meet the demands of high level national production and employment. Furthermore, the production of foreign copper, on which the United States will become increasingly dependent, is likewise dominated by a few corporate groups which in the past have operated cooperatively in cartels to regulate production and prices."

Corporation Reports.—See Quarterly Financial Reports.

Corporate Mergers and Acquisitions (F. T. C.).—To determine the impact on the Nation's economy of corporate mergers and acquisitions, the Commission

made a study of the merger movement for the years 1940-46, inclusive. The results of the study were transmitted to Congress in a report entitled The Present Trend of Corporate Mergers and Acquisitions (23 p., o. p., 3/7/47), which showed, among other things, that during the period covered, more than 1,800 formerly independent competitive firms in manufacturing and mining industries alone had disappeared as a result of mergers or acquisitions, and that more than one-third of the total number of acquisitions occurred in only three industries, food, nonelectrical machinery, and textiles and apparel—all predominantly "small business" fields.

In 1947 the Commission published The Present Trend of Corporate Mergers (23 p., o. p.). This is a review of some of the economic manufacturing and mining industries alone had disappeared as a result of mergers or acquisitions, and that more than one-third of the total number of acquisitions occurred in only three industries, food, nonelectrical machinery, and textiles and apparel—all predominantly "small business" fields.

Accounting for Manufacturing and Wholesaling, H. Doc. 287, 77th, 215 p., o. p., 6/23/41).

Distribution.—See Millinery Distribution.

Distribution of Steel Consumption.—A study to determine the distribution of steel in a time of shortage, when control over distribution rests with the producers.

Fertilizer (Senate).—Begun by the Commissioner of Corporations <sup>8</sup> (S. Res. 487, 62d, 3/1/13), this inquiry disclosed extensive use of bogus independent fertilizer companies for competitive purposes (Fertilizer Industry, S. Doc. 551, 64th, 269 p., o. p., 8/19/16). Agreements for abolition of such unfair competition were reached.

Fertilizer (Senate).—A second fertilizer inquiry (S. Res. 307, 67th, 6/17/22) developed that active competition generally prevailed in that industry in the U. S., although in some foreign countries combinations controlled certain important raw materials. The Commission recommended improved agricultural credits and more extended cooperation by farmers in buying fertilizer (Fertilizer Industry, S. Doc. 347, 67th, 87 p., o. p., 3/3/23).

Fertilizer (F. T. C.).—The Commission's 1949 report on The Fertilizer Industry (100 p.) is concerned primarily with restrictions and wastes which interfere with the supply of plant food materials in the quantities needed and at prices low enough to facilitate maintenance of soil fertility. The Nation's resources of nitrogen, phosphate, and potash are discussed, and the inter-relationships of producers and mixers are reviewed. The report also summarizes available information concerning cartel control of nitrogen, phosphates, and potash.

Fish.—See Distribution Methods and Costs.

Flags (Senate), Wartime, 1917-18.—Unprecedented increases in the prices of U. S. flags in 1917, due to wartime demand, were investigated (S. Res. 35, 65th, 4/16/17). The inquiry was reported in Prices of American Flags (S. Doc. 82, 65th, 6 p., o. p., 7/26/17).

Flour Milling.—See Food, below.

Food (President), Wartime, 1917-18.—President Wilson, as a wartime emergency measure (2/7/17), directed the Commission "to investigate and report the facts relating to the production, ownership, manufacture, storage, and distribution of foodstuffs" and "to ascertain the facts bearing on alleged violations of the antitrust acts." Two major series of reports related to meat packing and the grain trade with separate inquiries into flour milling, canned vegetables and fruits, canned salmon, and related matters, as listed below.

Food (President) Continued—Meat Packing.—Food Investigation-Report of the F. T. C. on the Meat-Packing Industry was published in six parts: I. Extent and Growth of Power of the Five Packers in Meat and Other Industries (6/24/19, 574 p., o. p.); II. Evidence of Combination Among Packers (11/25/18, 294 p., o. p.); III. Methods of the Five Packers in Controlling the Meat-Packing Industry (6/28/19, 325 p., o. p.); IV. The Five Large Packer in Produce and Grocery Foods (6/30/19, 390 p., o. p.); V. Profits of the Packers (6/28/19, 110 p., o. p.); VI. Cost of Growing Beef Animals, Cost of Fattening Cattle, and Cost of Marketing Livestock (6/30/19, 183 p., o. p.; and summary (H. Doc. 1297, 65th, 51 p., o. p., 7/3/18).

The reports first led to antitrust proceedings against the Big Five Packers, resulting in a consent decree (Supreme Court of the D. C., 2/27/20),<sup>9</sup> which had substantially 2.28 0d 38.76 09tD -0.0118 Tc (Animals,) ( ) Tj o 38.76 0

yards. (The meat-packing industry is further referred to under Meat Packing Profit Limitation, p. 150.)

Food (President) Continued—Grain Trade.—Covering the industry from country elevator to central market, the Report of the F. T. C. on the Grain Trade was published in seven parts: I. Country Grain Marketing (9/15/20, 350 p., o. p.); II. Terminal Grain Markets and Exchanges (9/15/20, 333 p., o. p.); III. Terminal Grain Marketing (12/21/21, 332 p., o. p.); IV. Middlemen's Profits and Margins (9/26/23, 215 p., o. p.); V. Future Trading Operations in Grain (9/15/20 347 p., o. p.); VI. Prices of Grain and Grain Futures (9/10/24, 374 p., o. p.); and VII. Effects of Future Trading (6/25/26, 419 p., o. p.). The investigation as reported in vol. V, and testimony by members of the Commission's staff (U. S. Congress House Committee on Agriculture, Future Trading, hearings, 67th, April 25–May 2, 1921) was an important factor in enactment of the Grain Futures Act (1921). (Further reference to the grain trade is made under Grain Elevators, Grain Exporters, and Grain Wheat Prices, p. 149.)

Food by Agriculture, Foodp6 6 -12.96 TD 0014 Tc016 Tc (enactment) Tj -422.64 -12.96 TD 0.0218 Tc (ofce ) Tj 0

days, or the population of Finland for nearly 1 year. The Commission suggested that "a careful examination of present laws be made by the legislative and executive branches of the Government to determine what legislation, if any, is needed to permanently eliminate wasteful trade practices and predatory competition which threaten the existence of many small bakers, foredoom new ventures to failure and promote regional monopolistic control of the wholesale bread-baking industry."

Part II presents information concerning prices and pricing practices in the industry, profits earned, and unit costs of production and distribution. It compares the details of production and distribution costs for bread and rolls, other bakery products, and for all bakery products for two operating periods in 1945, March and September. Comparisons of costs are also made for these two periods for plants arranged by geographical areas. Comparisons of the costs of production and distribution are made by size groups of wholesale bakeries.

Food—Fish.—See Distribution Methods and Costs.

Food—Flour Milling (Senate).—This study of costs, profits, and other factors (S. Res. 212, 67th, 1/18/22) was reported in Wheat Flour Milling Industry (S. Doc. 130, 68th, 130 p., o. p., 5/16/24).

Food—Flour-Milling Industry, Growth and Concentration in (F. T. C.).—The Commission's study showed that there has been a progressive increase in the size of flour-mill operations and a progressive decrease in the number of flour milling establishments. Nevertheless, the Commission reported, there is a lesser degree of concentration in the flour-milling industry than in many other important industries. The results of the study were presented to Congress in a report on the Growth and Concentration in the Flour-Milling Industry (6/2/47).

Food—Grain Elevators (F. T. C.), Wartime, 1917-18.—In view of certain bills pending before Congress with reference to regulation of the grain trade, the Commission's study of the Wartime Grain Elevator Industry (S. Doc. 40, 67th, 12 p., o. p., 0-0188 Tc (Wartim-yTj 2.04 0 TD (p.,) Tj 11.04 0 Tc ( ) Tj 2j 15



a result of Commission recommendations (Cooperation in American Export Trade, 2 vols., 984 p., o. p., 6/30/16; also summary, S. Doc. 426, 64th, 7 p., o. p., 5/2/16 ; and conclusions 1916. 14 p., o. p.).

Foreign Trade—Cotton Growing



International Alkali Cartels (F. T. C.).—In a report (1950) on International Cartels in the Alkali Industry, o. p., the Commission discussed the nature, extent, and effect of international agreements concerning baking soda, soda ash, and caustic soda to which organized groups of American and European alkali producers were

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of production and sales statistics, and helped provide some substantial relief for smaller publishers in various parts of the country. [Newsprint Paper Industry, preliminary (S. Doc. 3, 65th, 12 p., o. p., 3/3/17; Report of the F. T. C. on the Newsprint Paper Industry (S. Doc. 49, 65th) 162 p., o. p., 6/13/17); and Newsprint Paper Investigation (in response to S. Res. 95, 65th, 6/27/17; S. Doc. 61, 65th, 8 p., o. p., 7/10/17)].

Paper—Newsprint (Senate).—The question investigated (S. Res. 337, 70th, 2/27/29) was whether a monopoly existed among newsprint manufacturers and distributors in supplying paper to publishers of small dailies and weeklies (Newsprint Paper Industry, S. Doc. 214, 71st, 116 p., o. p., 6/30/30).

Petroleum.—See International Petroleum Cartel.

Petroleum Products.—See Distribution Methods and Costs.

Petroleum and Petroleum Products, Prices (President and Congress).—At different times the Commission has studied prices of petroleum and petroleum products and issued reports thereon as follows: Investigation of the Price of Gasoline, preliminary (S. Doc. 403, 64th, 15 p., o. p., 4/10/16) and Report on the Price of Gasoline in 1915 (H. Doc. 74, 65th, 224 p., o. p., 4/11/17—both pursuant to S. Res. 109, 63d, 6/18/13<sup>12</sup> and S. Res. 457, 63d, 9/28/14, which reports discussed high prices and the Standard Oil Companies' division of marketing territory among themselves, the Commission suggesting several plans for restoring effective competition; Advance in the Prices of Petroleum Products (H. Doc. 801, 66th, 57 p., o. p., 6/1/20)—pursuant to H. Res. 501, 66th, 4/5/20, in which report the Commission made constructive proposals to conserve the oil supply; Letter of Submittal and Summary of Report on Gasoline Prices in 1924 (24 p. processed, 6/4/24, and Cong. Rec., 2/28/25, p. 5158)—pursuant to request of President Coolidge, 2/7/24; Petroleum Industry—Prices, Profits and Competitions (S. Doc. 61, 70th, 360 p., o. p., 12/12/27)—pursuant to S. Res. 31, 69th, 6/3/36; Importation of Foreign Gasoline at Detroit, Mich., (S. Doc. 206, 72d, 3 p., o. p., 2/27/33)—pursuant to S. Res. 274, 72d, 7/16/32; and Gasoline Prices (S. Doc. 178, 73d, 22 p., o. p., 5/10/34)—pursuant to S. Res. 166, 73d, 2/2/34.

Petroleum—Foreign Ownership (Senate).—Inquiry was made (S. Res. 311, 67th, 6/29/22) into acquisition of extension oil interests in the U. S. by the Dutch-Shell organization, and into discrimination allegedly practiced by the organization against independent producers.

Potomac Electric Power Co. (Procurement Director, United States Treasury).—A study (2/29/44) of the financial history and operations of this corporation for the years 1896–1943 was made at the request of the Director of Procurement, United States Treasury, and the report thereon was introduced into the record in the corporation's electric rate case before the District of Columbia Public Utilities Commission.

Power—Electric (Senate).—This inquiry (S. Res. 329, 68th, 2/9/25) resulted in two reports, the first of which, Electric Power Industry—Control of Power Companies (S. Doc. 213, 69th, 272 p., o. p., 2/21/27) dealt with the organization, control, and ownership of commercial electric-power companies. It called attention to the dangerous degree to which pyramiding had been practiced in superimposing a series of holding companies over the underlying operating companies, and was influential in bringing about the more comprehensive inquiry described under Power—Utility Corps., below. Supply of Electrical Equipment and Competitive Conditions (S. Doc. 46, 70th, 282 p., o. p., 1/12/28) showed, among other things, the dominating position of General Electric Co. in the equipment field.

Power—Interstate Transmission (Senate).—Investigation (S. Res. 151, 71st, 11/8/29) was made of the quantity of electric energy Tc ( ) Tjro2.16 0 TD c2 Tc

1932–36, disclosing that the industry operated under a zone-price formula, both before and after adoption of its N. R. A. code (Study of Zone-Price Formula in Range Boiler industry, 5 p., processed, 3/30/36, a summary based on the complete report which was submitted to Congress but not printed).

Price Deflation (President).—To an inquiry (3/21/21) of President Harding, the Commission made prompt reply (undated) presenting its views of the causes of a disproportional decline of agricultural prices compared with consumers' prices (Letter of the F. T. C. to the President of the U. S., 8 p., o. p.).

Profiteering (Senate), Wartime, 1917-18.—Current conditions of profiteering (S. Res. 255, 65th, 6/10/18) as disclosed by various Commission investigations were reported in Profiteering (S. Doc. 248, 65th, 20 p., o. p., 6/29/18).

Quarterly Financial Reports United States Manufacturing Corporations (F. T. C. and S. E. C.).—This 1947-58 series of reports is intended to meet the general needs of the Government and the public for current reliable corporation financial data. The reports show the

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Resale Price Maintenance (F. T. C.).—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 purchasers should resell them, led to the first inquiry, resulting in a report, Resale Price Maintenance (H. Doc. 1480, 65th, 3 p., o. p., 12/2/18). Other reports were: A Report on Resale Price Maintenance (H. Doc. 145, 66th, 3 p., o. p., 6/30/19) and Resale Price Maintenance (F. T. C. motion, 7/25/27; reports, Part I, H. Doc. 546, 70th, 141 p., o. p., 1/30/29, and Part II, 215 p., o. p., 6/22/31). The Report of the F. T. C. on Resale Price Maintenance, o. p., (F. T. C. Res., 4/25/39) was submitted to Congress 12/13/45. The inquiry developed facts concerning the programs of trade organizations interested in the extension and enforcement of minimum resale price maintenance contracts, and the effects of the operation of such contracts upon consumer prices and upon sales volumes of commodities in both the price-maintained and non-price-maintained categories.

Rubber Tires and Tubes.—See Distribution Methods and Costs.

Salaries (Senate).—The Commission investigated (S. Res. 75, 73d, 5/29/33) salaries of executives and directors of corporations (other than public utilities) engaged in interstate commerce, such corporations having more than \$1,000,000 capital and assets and having their securities listed on the New York stock or curb exchanges. The Report of the F. T. C. on Compensation of Officers and Directors of Certain Corporations (15 p., processed, 2/26/34, o. p.) explained the results of the inquiry.<sup>16</sup> The facts developed focused the attention of Congress on the necessity of requiring listed corporations to report their salaries.

Southern Livestock Prices.—See Food.

Steel Code and Steel Code as Amended (Senate and President).—The Commission investigated (S. Res. 166 73d, 2/2/34) price fixing, price increases, and other matters (Practices of the Steel Industry Under the Code, S. Doc. 159, 73d, 79 p., o. p., 3/19/34) and the Commission and N. R. A. studied the effect of the multiple basing-point system under the amended code (Report of the F. T. C. to the President in Response to Executive Order of May 30, 1934, With Respect to the Basing-point System in the Steel Industry, 125 p., o. p., 11/30/34).<sup>17</sup> The Commission recommended important code revisions.

Steel Companies, Proposed Merger (Senate).—An inquiry (S. Res. 286, 67th 5/12/22) into a proposed merger of Bethlehem Steel Corp. and Lackawanna Steel Co., and of Midvale Steel & Ordnance Co., Republic Iron & Steel Co., and Inland Steel Co., resulted in a two-volume report. Merger of Steel and Iron Companies (S. Doc. 208, 67th, 11 p., o. p., 6/5/22 and 9/7/22).

Steel Costs and Profits.—See Wartime Cost Findings, 1917-18.

Steel Sheet Piling—Collusive Bidding (President).—Steel sheet piling prices on certain Government contracts in New York, North Carolina, and Florida were investigated (inquiry referred to F. T. C. 11/20/35). The F. T. C. Report to the President on Steel Sheet Piling (42 p., processed, 6/10/36 o. p.) demonstrated the existence of collusive bidding because of a continued adherence to the basing-point system<sup>18</sup> and provisions of the steel industry's code.

Stock Dividends (Senate).—The Senate requested (S. Res. 304, 69th, 12/22/26) the names and capitalizations of corporations which had issued stock dividends, and the amounts thereof, since the Supreme Court decision (3/8/20) holding that such dividends were not taxable. The same information for an equal period prior to the decision was also requested. The Commission submitted a list of

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<sup>16</sup> The salary lists do not appear in the report but are available for inspection.

<sup>17</sup> As of the same date, the N. R. A. published its Report of the National Recovery Administration on the Operation of the Basing-Point System in the Iron and Steel Industry (175 p., processed). The basing-point system is also discussed in published reports listed under "Cement" and "Price Bases" herein.

<sup>18</sup> See footnote 15, p. 127.

10,245 corporations, pointing out that declaration of stock dividends at the rate prevailing did not appear to be a result of controlling necessity and seemed questionable as a business policy (Stock Dividends, S. Doc. 26, 70th, 273 p., o. p., 12/5/27).

Sugar.—See Food.

Sulphur Industry (F. T. C.).—In its report to Congress on The Sulphur Industry and International Cartels (6/16/47), o. p., the Commission stated that the operations of all four producers constituting the American sulphur industry generally have been highly profitable, and that the indications are that foreign cartel agreements entered into by (Sulphur Export Corp., an export association organized under the Webb-Pomerene Law, have added to the profitability of the U. S. Industry. On 2/7/47, after hearings, the Commission recommended that Sulphur Export Corp. readjust its business to conform to law.

Taxation and Tax-Exempt Income.—See National Wealth and Income.

Temporary National Economic Committee, Studies of the F. T. C.—See F. T. C. Annual Report, 1941, p. 218, for titles.

Textiles (President).—President Roosevelt (Executive Order of 9/26/34) directed an inquiry into the textile industry's labor costs, profits, and investment structure to determine whether increased wages and reduced working hours could be sustained under prevailing economic conditions. Reports covering the cotton, woolen and worsted, silk and rayon, and thread, cordage and twine industries were: Report of the F. T. C. on Textile Industries, Parts I to VI, 12/31/34 to 6/20/35, 174 p., o. p. (Part VI financial tabulations processed 42 p., o. p. ); Report of the F. T. C. on the Textile Industries in 1933 and 1934, Parts I to IV, 8/1/35 to 12/5/35, 129 p., o. p.; Parts II and III, o. p., (Part IV, processed, 21 p., o. p.; accompanying tables, processed, 72 p., o. p.); Cotton Spinning Companies Grouped by Types of Yarn Manufactured During 1933 and 1934, 1/31/36, 20 p., processed, o. p.; Cotton Weaving Companies Grouped by Types of Woven Goods Manufactured During 1933 and 1934, 3/24/36, 48 p., processed, o. p.; Textile Industries in the First Half of 1935, Parts I to III, 5/22/36 to 8/22/36, 119 p., processed, o. p.; Textile Industries in the Last Half of 1935, Parts I to III, 11/20/36 to 1/6/37, 155 p., processed, o. p. ; and Textile Industries in the First Half of 1936, Parts I to III, 1/21/37 to 2/11/37, 163 p., processed, o. p.

Textiles—Combed Cotton Yarns.—High prices of combed cotton yarns led to this inquiry (H. Res. 451, 66th, 4/5/20) which disclosed that while for several years profits and prices had advanced, they declined sharply late in 1920 (Report of the F. T. C. on Combed Yarns, 94 p., o. p., 4/14/21).

Textiles—Cotton Growing Corporation.—See Foreign Trade.

Textiles—Cotton Merchandising (Senate).—Investigating abuses in handling consigned cotton (S. Res. 252, 68th, 6/7/24), the Commission made recommendations designed to correct or alleviate existing conditions (Cotton Merchandising Practices, S. Doc. 194, 68th, 38p., o. p., 1/20/25).

Textiles—Cotton Trade (Senate).—Investigation (S. Res. 262, 67th, 3/29/22) involved a decline in cotton prices, 1920-22, as reported In Preliminary Report of the F. T. C. on the Cotton Trade (S. Doc. 311, 67th, 28 p., o. p., 2/26/23). After a second inquiry (S. Res. 429, 67th, 1/31/23), the Commission recommended certain reforms in trading practices and particularly in permitting Southern delivery of cotton on New York futures contracts (The Cotton Trade, incl. testimony, S. Doc. 100, 68th, 2 vols., 510 p., o. p., 4/28/24). A subsequent Senate bill (S. 4411, 70th, 5/18/28) provided for Southern warehouse delivery, but before any law was enacted, the New York Cotton ~~Not to be printed in the Senate Report~~ (S. Doc. 100, 68th, 2 vols., 510 p., o. p., 4/28/24)

Textiles—Woolen Rag Trade (F. T. C.), Wartime, 1917-18.—The Report on the Woolen Rag Trade (90 p., o. p., 6/30/19) contains information gathered during the World War, 1917-18 at the request of the War Industries Board, for its use in regulating the prices of woolen rags employed in the manufacture of clothing.

Tobacco (Senate).—Inquiry (S. Res. 329, 2/9/25) into activities of two well-known companies disclosed that alleged illegal agreements or conspiracies did not appear to exist. (The American Tobacco Co. and the Imperial Tobacco Co., S. Doc. 34, 69th, 129 p., o. p., 12/25/25).

Tobacco Marketing—Leaf (F. T. C.).—Although representative tobacco farmers in 1929 alleged existence of territorial and price agreements among larger manufacturers to control cured leaf tobacco prices, the Commission found no evidence of price agreements and recommended production curtailment and improvement of marketing processes and cooperative relations (Report on Marketing of Leaf Tobacco in the Leaf Marketing—Leaf the



1945 (30 p., processed, with 10 p. appendix). Compilation of the information contained in the report was begun by the Office of Price Administration prior to the transfer of the financial reporting function of that agency to the Federal Trade Commission in December 1946.

Wartime Inquiries, 1917-18, Continued.—Further wartime inquiries of this period are described herein under the headings: Coal, Coal Reports—Cost of Production, Cost of Living, Flags, Food, Farm Implements, Independent Harvester Co., Leather and Shoes, Paper—Book, Paper—Newsprint, Profiteering, and Textiles—Woolen Rag Trade, o. p.

**The following are unpublished investigations by the Commission for the use of other government agencies:**

Aluminum Foundries (W. P. B.), Wartime, 1942-43.—Details were obtained for the War Production Board, at its request, from aluminum foundries throughout the U. S. covering their operations for May 1942 and their compliance with W. P. B. Supplementary Orders m-1-d, M-1-c, and M-1-f.

Antifreeze Solutions, Manufacturers of (W. P. B.), Wartime, 1943-44.—War Production Board Order L-258 of 1/20/43 prohibited production of salt and petroleum-base antifreeze solutions. While production of these products had ceased, great quantities were reported to be still in the hands of producers and distributors. To enable W. P. B. to determine what further action should be taken to protect essential the



industry so as to eliminate the need for a wheat subsidy, without reducing farmers' returns or to reduce bread prices. The report was made to O. E. S. and a more detailed report was prepared for O. P. A.

Fruit Growers and Shippers (W. P. B.), Wartime, 1943-44.—This investigation was requested by the War Production Board to determine whether 7 grape growers and 12 grape shippers, all located in California, were in violation of W. P. B. Order L-232 with respect to quotas affecting the use of lugs (wooden shipping

nickel processors for the purpose of determining the extent to which they were complying with W. P. B. Preference Order No. M-6-a, issued 9/30/41, and Conservation Order M-6-b, issued 1/20/42. The investigation was conducted concurrently with a survey of chromium processors.

Optical Decree (Attorney General).—The Commission investigated (inquiry referred to F. T. C. 8/12/52) the manner in which an antitrust consent decree entered (Sept. 1948) against the American Optical Company and others, restraining them from discriminatory and monopolistic practices, was

Silverware Manufacturers and Silver Suppliers (W. P. B.), Wartime, 1942-43.— The activities of silverware manufacturers and silver suppliers under W. P. B. Conservation and Limitation Orders m-9-a, b, and c, m-100 and L-140 were investigated and reported on at the request of the War Production Board.

Sisal Hemp (Senate).—The Commission assisted the Senate Committee on Agriculture and Forestry in an inquiry (S. Res. 170, 64th, 4/17/16) and advised how certain quantities of hemp promised by the Mexican sisal trust, might be fairly distributed among American distributors of binder twine (Mexican Sisal Hemp, S. Doc. 440, 64th, 8 p., o. p., 5/9/16). The Commission's distribution plan was adopted.

Steel Costs and Profits (O. P. A.), Wartime, 1942-43.—A report of the Commission's survey of costs, prices and profits in the steel industry, begun in April 1942 at the request of O. P. A., was made to that agency. The inquiry covered 29 important steel-producing companies.

Steel Industry (O. P. M.), Wartime, 1941-42.—This