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FEDERAL TRADE COMMISSION

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FEDERAL TRADE COMMISSION

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INTRODUCTION

To the Senate and *House of Representatives:*

Investigation of public utilities, particularly their publicity methods, became an outstanding feature of the work of the Federal Trade Commission in the last fiscal year.

Although the regular activities, such as the prevention and correction of unfair competition in commerce as well as violations of the antitrust laws were carried on as usual, the investigation of electric-power and gas companies as called for in Senate Resolution No.83 became the most comprehensive economic inquiry ever undertaken by the commission.

The commission's estimates made provision for additional skilled employees, mostly accountants, to carry on the utilities inquiry and other congressional work, and allowance therefor is included in the Budget figures which have been approved for transmission to Congress.

The procedure outlined in Senate Resolution No.83 was unique in that it called for public hearings. Heretofore the commission had not conducted public hearings in connection with economic investigations; in fact, had not made public its reports of such surveys until all work had been completed and approved. The resolution also directed the commission to furnish a report of progress to the Senate once each month.

The resolution called for information concerning the history an growth of the financial structure of all public-utility corporations doing an interstate or international business, and holding, service, and management companies, as well as data regarding methods used by the utilities in obtaining publicity and distributing propaganda.

Commissioner Edgar A. McCulloch was designated as presiding officer at all public hearings.

The work of the inquiry was then divided into two classes financial and propaganda. The financial phase was placed in charge of the chief economist, Mr. Francis Walker, while the propaganda investigation was turned over to Mr. Robert E. Healy, chief counsel, who was also to examine witnesses in all public hearings.

In accepting this solution from the Senate the commission adopted a resolution undertaking an investigation in strict and full

compliance with the terms of the Senate resolution, and that in the prosecution of the inquiry the commission would "rely on and employ the powers conferred on it to make investigations at the direction of either House of Congress." It would rely also on "any and all powers conferred upon it by law to conduct inquiries on its own initiative, or otherwise, and any other powers legally available to it, whether contained in its organic act or elsewhere, which may conduce to a diligent and complete performance of the ends and purposes set forth in said resolution."

It was evident at the outset that the financial part of the investigation would be complicated, and that preparations of exhibits to be introduced at hearings would require much detailed work, so public hearings were begun first in connection with the propaganda phase of the inquiry, while examiners were sent out to begin bringing in the data for the financial survey.

The commission held its first public hearing March 8. When the summer recess was taken a few days after the close of the fiscal year, 71 witnesses had been examined, 38 volumes of testimony comprising 4,877 type-written pages had been taken, and 3,670 exhibits had been introduced. These records covered the propaganda activities of utilities in 40 States. When the summer recess. began the commission had not called witnesses representing the States of Arizona, California, Idaho, Montana, Nevada, Oregon, Utah, and Washington.

Among the witnesses who testified at these hearings were several national officers of the National Electric Light Association, American Gas Association, and the Joint Committee of National Utility Association. There were also officials of State public utility information committees and regional. subdivisions of the National Electric Light Association.

While no evidence was introduced du ring the fiscal year regarding the financial structure of the industry and the relation between holding, operating, and service companies, a broad foundation was and is now being laid for conducting that phase of the hearings. Comprehensive questionnaires have been sent to large holding companies, and examiners of the commission have inspected the records of these organizations and affiliated corporations.

During the fiscal year the commission conducted a larger number of trade-practice conferences than ever before in its history. The trade-practice conference idea is being developed in connection with the modern policy of self-regulation of industry. The conferences are helping to eliminate on a large scale unfair practices in commercial competition.

The Senate, May 3, directed the commission to investigate chain store systems of marketing and distribution, reporting on the extent, if any, to which consolidations of chain stores had been effected in

violation of the antitrust laws and the extent to which such consolidations were susceptible to regulations under the present laws. Information was also asked concerning the control of commodities by chain stores; the existence, if any, of unfair competitive methods, agreements, conspiracies, or combinations in restraint of trade; and other features of chain-store merchandising. The investigation is being conducted by the economic division.

Complete reports may be seen in the following pages of the chief counsel's division, the chief examiner's division, economic division, trade-practice conference division, trial examiner's division, export-trade section, court cases, administrative division, and the public-utilities investigation.

ANNUAL REPORT OF THE FEDERAL TRADE COMMISSION

PUBLIC UTILITIES INVESTIGATION

Senate Resolution 83, adopted February 15, directed the commission to investigate the financial structure of public utilities doing an interstate, and in some cases an international, business, as well as their methods of obtaining publicity.

Evidence put into the record up to the close of the fiscal year deals with that part of the Senate resolution relating to publicity methods. This phase of the investigation is not yet completed.

A complete stenographic transcript of testimony taken to date is now in the hands of the Senate and monthly reports of progress have been made to the Senate since the investigation began in March.

The inquiry into the financial phase was promptly started and accountants and examiners began the examination of the records and books of account of certain important holding and service companies in Boston, New York, Philadelphia, and Chicago, and a preliminary questionnaire was sent to operating gas and electric companies. By the end of June more than 5,000 replies had been received.

This questionnaire called for information concerning production, purchases, sales, interstate business, intercompany relationships, earnings, investment, plant capacity; etc., which will give bases for measuring the importance of interstate and power-group business in the electric-power and gas industries.

On June 20 the commission sent its comprehensive report form entitled "General Report of Electric and Gas Utilities, Holding and Service Companies for Such Utilities and Affiliated Companies" to the Government Printing Office. The data called for in this report form include the facts in so far as they can be secured through. schedule upon the following (1) The growth of capital assets and capital liabilities of holding companies and management groups, including their public-utility and nonpublic-utility subsidiaries, and of independent operating companies doing an interstate business; (2) the methods of issuing, the price realized, and the commissions, bonuses, and fees received or paid by such companies with respect to the various issues of securities made by them; (3) the inter company relationships among holding companies, managing or serv-

ice companies, and financial, engineering, construction and electric, and gas operating companies; (4) the services furnished to electric and gas public-utility companies by holding, management, and serv ice companies, the expenses and earnings of such companies, together with the fees, commissions, or bonuses charged by them or their subsidiary or affiliated companies; and (5) political campaign contributions and the expenditure of funds to be used to influence or control public opinion with respect to municipal or public ownership of electric-power enterprises.

The financial matters referred to under this resolution comprise, in brief, the following general subjects: (1) The growth of the capital assets and capital liabilities of public utility corporations doing an interstate or international business supplying either electrical energy in the form of power or light or both, however produced, or gas, natural or artificial, of corporations holding the stocks of two or more public utility corporations operating in different States, and of nonpublic utility corporations owned or controlled by such holding companies; (2) the method of issuing, the price realized, or value received, the commissions or bonuses paid or received, and other pertinent facts with respect to the various security issues of all classes of corporations herein named, including the bonds and other evidences of indebtedness thereof, as well as the stocks of the same; (3) the extent to which such holding companies or their stockholders control or are financially interested in financial, engineering, construction, and/or management corporations, and the relation, one to the other, of the classes of corporations last named, the holding companies, and the public utility corporations; (4) the services furnished to such public utility corporations by such holding companies and/or their associated, affiliated, and/or subsidiary companies, the fees, commissions, bonuses, or other charges made there-for, and the earnings and expenses of such holding companies and their associated, affiliated, and/or subsidiary companies; and (5) the value or detriment to the public of such holding companies owning the stock or otherwise controlling such public utility corporations immediately or remotely, with the extent of such ownership or control, and particularly what legislation, if any, should be enacted by Congress to correct any abuse that may exist in the organization or operation of such holding companies.

Congress made available to the commission for the fiscal year 1928-29 a special appropriation of $85,000 to be used in prosecution of the investigation of public utilities. It was necessary to employ a number of accountants and clerical workers to carry on the investigation. A large item of expense was traveling allowances for witnesses.

Senate Resolution 83 is as follows:

Resolved, That the Federal Trade Commission is hereby directed to inquire into and report to the Senate, by filing with the Secretary thereof, within each thirty days after the passage of this resolution and finally on the completion of the investigation (any such inquiry before the commission to be open to the public and due notice of the time and place of all hearings to be given by the commission, and the stenographic report of the evidence taken by the commission to accompany the partial and final reports) upon (1) the growth of the capital assets and capital liabilities of public-utility corporations doing an interstate or international business, supplying either electrical energy in the form of power or light, or both, however produced, or gas, natural or artificial, of corporations holding the stock of two or more public-utility corporations operating in different States, and of nonpublic utility corporations owned or controlled by such holding companies; (2) the method of issuing, the price realized or value received, the commissions or bonuses paid or received, and other pertinent facts with respect to the various security issues of all classes of corporations herein named, including the bonds and other evidences of indebtedness thereof, as well as the stocks of the same; (3) the extent to which such holding companies or their stock-holders control or are financially interested in financial engineering, construction, and/or management corporations, and the relation, one to the other, of the classes of corporations last named, the holding companies, and the public-utility corporations; (4) the services furnished to such public-utility corporations by such holding companies and/or their associated, affiliated, and/or subsidiary companies, the fees, commissions, bonuses, or other charges made therefor, and the earnings and expenses of such holding companies and their associated, affiliated, and/or subsidiary companies; and (5) the value or detriment to the public of such holding companies owning the stock or otherwise controlling such public-utility corporations immediately or remotely, with the extent of such ownership or control, and particularly what legislation, if any, should be enacted by Congress to correct any abuses that may exist in the organization or operation of such holding companies.

The commission is further empowered to inquire and report whether, and to what extent, such corporations or any of the officers thereof, or anyone in their behalf or in behalf of any organization of which any such corporation may be a member, through the expenditure of money or through the control of the avenues of publicity, have made any and what effort to influence or control public opinion on account of municipal or public ownership of the means by which power is developed and electrical energy is generated and distributed, or since 1923 to influence or control elections: Provided, That the elections herein referred to shall be limited to the elections of President, Vice President, and Members of the United States Senate.

The commission is hereby further directed to report particularly whether any of the practices heretofore in this resolution stated tend to create a monopoly or constitute violation of the Federal antitrust laws.

The resolution of the commission accepting the tasks assigned to it under Senate Resolution 83, is as follows:

Whereas the Senate of the United States has by a resolution agreed to on February 15, 1928 (S. R. 83, 70th Cong., 1st sess.), directed the Federal Trade Commission to make an inquiry into certain practices and conditions relating to specified classes of public utility corporations and corporations connected therewith: Now, therefore, be it

Resolved, That an inquiry shall be undertaken immediately by the commission in strict and full compliance with the terms of the said resolution and that In the prosecution of said inquiry the commission shall rely on and employ the powers conferred on it to make investigations at the direction of either house of Congress, and any and all powers conferred upon it by law to conduct inquiries on its own initiative or otherwise and any other powers legally available to it, whether contained in its organic act or elsewhere, which may conduce to a diligent and complete performance of the ends and purposes set forth in said resolution.

TRADE PRACTICE CONFERENCE DIVISION

The division of trade practice conferences is charged with the duty of coordinating and facilitating the work incident to the holding of trade practice conferences, of providing for specialized direction thereof, of extending the scope of such work within its proper sphere, of providing for immediate action in cases of violation of trade-practice rules, of observing and studying the working of such, and of encouraging closer cooperation between business as a whole and the commission in serving the public.

The work of this division has increased enormously during the past fiscal year. Since the last annual report, trade practice conferences were held for the following industries: Motion picture, golf ball, edible oil, shirting fabrics, fur, heavy sheet glass, hickory handle, millwork, wax paper, flat glass, cottonseed oil mills, paint, varnish and lacquer, rebuilt typewriters, and publishers of periodicals. Preparatory work upon applications for trade practice conferences for numerous other industries had, at the end of the fiscal year, reached various stages of completion.

Never in the history of American business has there been a time when self-regulation has received more intensive consideration. By "self-regulation," as used here, is meant the adoption and adherence to workable rules prescribed by an industry for the regulation of its own business conduct with due regard for the public interest.

If an industry is capable of self-regulation, the trade practice conference procedure of the Federal Trade Commission affords the most effective method yet devised to accomplish this end.

In dealing with self-regulation we are not dealing with a new subject. For many years industry has attempted this with varying degrees of success, the degree of success attained in any industry being readily measured by existing competitive conditions therein. If these conditions are all that can be reasonably desired, the success attained is complete. If, however, practices still exist which result in unfairness or are otherwise bad, previous attempts at self-regulation in that particular industry have failed.

Trade associations, "institutes," the United States Chamber of Commerce, and business organizations in other forms have done, and are doing, excellent work in this respect. Competitive conditions in many industries are being studied and intelligently analyzed, codes are being adopted, much money is being expended in educating industries for the work of self-regulation, but when faults are discovered and rules adopted for their correction, it remains for the trade practice

conference procedure to supply, in a measure at least, an element which heretofore has been completely lacking--namely, enforcement.

Self-regulation without rules would be impossible and rules without some power of enforcement make self-regulation often a mere expensive gesture. The fact that some power rests, as it does, in an impartial, disinterested governmental body obviates the necessity of frequent use of such power. This is demonstrated in that of more than 300 rules adopted by industries in trade practice conferences the power of the Federal Trade Commission has not been invoked with reference to a dozen of these. The complete study of the effect of past conferences now being made by the division of trade practice conferences may change these figures or disclose some additional reasons, but irrespective of the showing on final analysis the fact remains that the mere probability that any rule may be enforced adds materially to its general observance.

The following is a brief summary of trade practice conferences for the industries named. Complete reports of each conference, and the resolutions passed, may be had upon request to the commission.

MOTION-PICTURE INDUSTRY

During the week of October 10, 1927 a trade practice conference was held for the motion-picture industry in the assembly room of the Bar Association of the city of New York. The conference was conducted by Abram F. Myers, commissioner, assisted by M. Markham Flannery, director of trade practice conferences.

The industry, consisting of producers, distributors, and exhibitors, was represented in practically its entirety.

The resolutions adopted by the industry were divided into four groups. The rules appearing in Group I have been approved by the commission. The rules in Group II have been received and accepted by the commission as expressions of the trade. The resolution appearing in Group III is disapproved by the commission The resolutions under Group IV are held in abeyance without further action of the commission, as the sharp division of the vote cast indicates a total lack of agreement as between the opposing branches of the industry.

The rules classified as Group I rules provide for the rewriting of the then existing standard uniform contract between distributors and exhibitors, and for such modifications and changes in the system of arbitration as a committee of six, named: by the conferees, deem necessary; for the elimination of paid commercial advertising from motion-picture exhibitions when films are leased for entertainment purpose; and for the elimination of substitution in the matter of stars, directors, and other features influencing selection, which have been specified in orders taken before the particular picture is pro-

duced. These resolutions also condemn the use of misleading or salacious advertising; the "bicycling" of films or the surreptitious use of films in theaters other than those contracted for; delaying the return of films for the purpose of securing additional exhibition time without compensation, or by reason of such delay making impossible the shipment of such film to the next customer who has booked it; commercial bribery; the use of films at a theater other than the theaters specified in the contract; failure to report promptly and accurately percentage bookings; agreements among distributors to boycott the exhibitor or to exact higher rental than can be obtained in open competition; and the use of buying power by an exhibitor to buy more films than he can use, for the purpose of attempting a corner, or to force a competing exhibitor out of business, or to force him to sell his theater.

Rules classified as Group II rules condemn fake motion picture production schemes, fake motion picture acting schools, fake motion picture scenario schools, or other dishonest enterprises which trade on the public's ambition to be come a part of the motion-picture industry; the practice of transferring titles to theaters without making, at the same time, provisions for transferring existing contracts and violation of film exchange fire regulations. Other resolutions of this group are intended to raise the moral tone of production to the highest standards; to eliminate deceptive titles; to provide a formula with reference to the selection and rejection of certain story material for picturization; to provide for the establishment and functioning of a nonprofit casting bureau for the purpose of bringing about betterments in working and other conditions with reference to persons known as "extras" employed in the motion-picture studios to provide a formula for the prevention, of exploiting children employed in motion picture productions; to regulate the lending of employees under contract by one producer to another; and to establish a system of registering titles for the purpose of avoiding duplication and conflict.

The resolution classified as Group III, which was rejected by the commission as being in restraint of trade if carried into effect, sought to prevent competition between regularly established exhibitors of moving pictures with schools, churches, and like institutions bye prohibiting producers from contracting for the exhibition of pictures at any place where motion pictures are shown to the public, if such exhibition is found to be in competition with a regularly operated motion-picture theater.

Resolutions classified as Group IV resolutions were intended to provide for: An equal opportunity to all exhibitors to bid for all pictures; relief of exhibitors from what is known as "protection,"

which consists in requiring an unreasonable length of time to elapse after the first showing of a film before subsequent showings are permitted ; relief for exhibitors from producers acquiring, or threatening to acquire, theaters in order to coerce exhibitors to lease pictures or to surrender theater holdings.

On these subjects the conference resulted in no agreement, as the independent exhibitors and the affiliated producer-distributor exhibitor groups seemed hopelessly divided.

In addition to the rules and resolutions referred to an agreed statement, of policy proposed by the producer-distributor groups, and accepted by exhibitors, was held in abeyance by the commission until results could be determined from its actual effect upon the motion-picture industry. The provisions of this policy. were: The sales method known as block booking shall not be used for the accomplishment. of any illegal purpose; no distributor will require as a condition of permitting an exhibitor, to lease its pictures that such exhibitor shall also lease pictures of another distributor; if an exhibitor shall claim within a reasonable time prior to the date fixed for the exhibition of any picture included in any block leased by him that such picture will be offensive, to the clientele of his theater because of racial or religious subject matter, such, claim shall be arbitrated by the board of arbitration of the proper zone, and, if sustained, such exhibitor shall be relieved, of obligation to take and any exhibitor who has purchased an entire pay for such picture; if block of pictures offered by any distributor so elects within a reasonable time prior to the date fixed for exhibition, of any picture included ,in such block, such exhibitor may refuse to take such picture by paying one-half of the allocated price thereof, provided that the pictures so rejected out of any block shall not exceed 10 per cent of, the number included in such block, and if a rejected picture is resold by the distributor, one-half of the net price received on such resale shall be credited. against the exhibitor's obligation in respect of such picture up to the amount of such obligation; reissues will not be included in any block with new pictures; news reels and short subjects will not be included in any block with features, and the lease of news reels ore short-subject blocks shall not be required as a condition of being permitted to lease feature blocks or vice versa; the matters dealt with by paragraphs 3 and 4 shall be covered by appropriate provisions to be included in the new standard form of contract.

SHIRTING FABRICS INDUSTRY

William E Humphrey, chairman of the commission, conducted a trade practice conference for the shirting fabrics industry at the New York office of the commission on December 10, 1927, assisted by

M. Markham Flannery, director of trade practice conferences. Approximately 95 per cent, by volume, of the shirting fabrics industry was represented.

The rules were arranged into two groups and became effective two weeks from the date of approval.

At this conference the industry condemned by a rule classified as a Group I rule the misbranding of merchandise on the part of convertors, shirting manufacturers, and others, and pledged themselves to make every effort within their power to discourage and stamp out this serious evil existing in that industry.

By a second Group I rule a discriminatory practice, resulting from using New York as a basing point for the shipping of shirting fabric, was also completely abandoned. Prior to this conference shirting fabric shipped from New England or from the South was delivered in New York City without charge for either freight or drayage. Shirting fabric shipped to any other city in the United States was subject to an arbitrary freight charge and drayage charge. This practice was regarded as discriminatory because charges were made for freight that exceeded the amount of freight actually paid. To correct this evil the rule adopted by the industry provided for the shipment of all shirting fabric f. o. b. point of origin. This rule follows the doctrine in the Pittsburgh Plus case (D. 760) and others involving the same principle.

This conference was held for that branch of the industry known as “converters,” or those who buy the plain fabric from the mill and by finishing, dyeing, printing, etc., convert it into shirting Prior to this conference great quantities of such material were used in furnishing large samples free of cost to dealers which, with each order received, were shipped throughout the United States. The gratuitous furnishing of these samples was in the nature of a service. Being “free” it developed to an alarmingly extensive and ever increasing growth, superinduced by intensive competition. Its entire burden rested solely on the converters who paid the mill for the enormous yardage annually used for this purpose. A rule was adopted by the industry and classified by the commission as a Group II rule which limits the quantity of such samples that may be given free and compels individual requirements in excess thereof to be supplied by the “converter” at the sales price of the fabric. The burden, huge in the aggregate, becomes insignificant when thus divided among thousands of distributors and obviates any tendency on this ground toward a demand for higher prices, which, naturally, would be passed on to the public.

By another Group II rule concerns which spend time and money perfecting a desirable pattern, which they use on a superior quality of fabric only, are protected against the unscrupulous who made a

practice of imitating the design, using inferior dyes of the same color, and printing it on lower-grade fabric. This practice, prevalent on the New York market prior to the conference, is reported as having disappeared entirely therefrom after a single informal action taken through the division of trade practice conferences relating to the violation of this rule.

GOLF BALL INDUSTRY

A trade practice conference for the golf-hall industry was called by the Federal Trade Commission, which met at Cleveland, Ohio, on October 26, 1927. Edgar A. McCulloch, commissioner, presided, assisted by Stephen C. Van Fleet, assistant director of trade-practice conferences.

The commission announced its approval of the rules adopted in resolution form by the conference, which prohibit the use of the following practices:

I. The paying secretly of yearly salaries to professional golf players In order to have them play the golf ball of a particular manufacturer or marketing company.

II. The paying secretly of special prize money to professional golfers who win matches or tournaments by the company whose ball has been played by the winning player.

EDIBLE OIL INDUSTRY

William F. Humphrey, chairman of the commission, conducted a trade practice conference for the edible oil industry at the New York office of the commission on December 9, 1927, assisted by M. Markham Flannery, director of trade practice conferences.

The resolutions adopted by the industry have been arranged in two groups.

As regards those included in Group I, the commission has affirmatively approved the same as fair methods of competition. for the industry and has undertaken to enforce the same by proceeding against infractions thereof under the Federal Trade Commission act.

As regards those included in Group II, the commission concluded that it could not affirmatively approve and undertake to enforce them, for the reason that it could not predict in every case what the results of such procedure would be.

The resolutions contained in Group I condemned the use of slack filled containers; established standard size containers; fixed a standard net weight per gallon for vegetable and olive oil; condemned misleading labels and misbranding; and the simulation of standard size containers tending to mislead the public.

The two rules embraced in Group II provide for the affixing to the container of the name and address of the packer or distributor, and the labeling of salad or vegetable oil containers with the true name of the oil.

FUR INDUSTRY

A trade-practice conference for the fur industry was held at the Hotel Pennsylvania, New York City, on February 3, 1928, at which William E Humphrey, chairman of the commission, presided, assisted by M. Markham Flannery, director of trade-practice conferences. Approximately 90 per cent of the volume of the industry was present.

The four resolutions passed by this conference were approved by the commission on February 27, 1928, and establish rules for the naming of furs dyed to simulate other and more expensive furs. These rules provide that all furs shall be stamped with their true name; that if the name of the country is used to indicate color it shall be an accurate statement; and prohibits the use of a trade-mark which deceives the public.

HEAVY SHEET GLASS

A trade-practice conference for the heavy sheet-glass industry was held at the branch office of the commission at New York City on March 22, 1928, at which William E. Humphrey, chairman of the commission, presided, assisted by M. Markham Flannery, director of trade-practice conferences.

One hundred per cent of the volume of the plate glass manufactured in the United States was rep resented, and by far the greater volume of the sheet glass, although the exact percentage of the latter could not be ascertained.

This conference resulted in the elimination of the deceptive use of the phrase "Demi-plate," which consists of ordinary drawn window glass, and has resulted in misleading the public into the belief that the glass thus described was a form of plate glass. Numerous efforts had been made by the industry to itself eliminate from the trade this term which from time to time reappeared. In numerous instances purchasers of glass for doors, windows, store fronts, show cases, desk tops, automobile wind shields, replacements, etc., have been supplied with a heavy window glass under the term "demi-plate," when they ordered and believed they were receiving polished plate glass. The industry adopted a resolution denouncing the use of the term, and by a second resolution defined the term "plate glass" and required that the words "plate glass," or any words, prefixes, or suffixes in connection with the words "plate glass" shall not be used in the advertising, sale, or distribution of any glass which has not been ground and polished in accordance with requirements as set forth by the United States Government Specification Board, dated April 1, 1924.

HICKORY HANDLE BRANCH-WOOD-TURNING INDUSTRY

A trade practice conference for the hickory handle branch of the wood-turning industry was held at St. Louis, Mo., on May 22, 1928, at which Edgar A. McCulloch, commissioner, presided, assisted by M. Matkham Flannery; director of trade practice conferences.

It was stated that about 80 per cent of the volume of hickory handles for striking tools produced in the United States was represented at the conference.

The hickory-handle industry is a branch of wood turnery. During the course of the 200 years or more of the industry's existence certain abuses grew up, such as misleading marking up or highjacking of grades; misleading names for grades; false invoicing of handles properly graded; and price discriminations haying inevitably, through competitive pressure, become imbedded in the industry. The purpose of this trade practice conference was to eliminate these abuses, which were practically as old as the industry itself. It was called primarily for the manufacturers of hickory handles, but invitations were also sent to the distributors of handles, to certain manufacturers of tools, and other large users of handles, including departments of the Government, railroads, and certain public utility concerns.

One Group I rule, predicated on the fact that the manufacture and distribution of handles for striking tools, the grade and quality of which are not indelibly and plainly marked thereon have caused confusion in the trade, deception of the public, and, in any crafts, danger to life and limb, provided that striking-tool handles shall be impressed with the proper grade mark or symbol identifying and establishing the correct grade and quality of such handle, in accordance with certain specific provisions. Other resolutions of this group provided for the manner Of impressing such symbols on each handle and condemned false invoicing as to grades and to the modification, concealment, or removal of grade or plant identification symbols and condemned other false descriptions of handles.

Group II resolutions provide for a variation in "liners" not to exceed 5 per cent, and for the amicable settlement of disputes.

MILLWORK INDUSTRY

A trade-practice conference was held for the millwork industry at the Stevens Hotel, Chicago, Ill., on May 15, 1928, at which G. S. Ferguson; jr., commissioner, presided, assisted by M. Markham Flannery, director of trade-practice conferences. Based On volume, more than 85 per cent of the industry was represented.

The rules adopted by the industry have been arranged in two groups: Those under Group I were affirmatively approved by the

commission; those under Group II were accepted by the commission as expressions of the trade.

The resolutions embraced in Group I relate to the following practices:

Inducing breach of contract, misbranding, fraud and misrepresentation, secret rebates, and price discrimination.

The resolutions embraced in Group II relate to guarantee against decline, anti-dumping, defining qualified distributor, terms of sale, distribution of price lists, arbitration, selling without specifications, defining qualified manufacturer, enunciating principle of reasonable differential, and uniform contracts.

WAXED PAPER INDUSTRY

A trade-practice conference for the waxed-paper industry was held at Washington, D.C., in the hearing room of the commission, on June 7, 1928, at which C. W. Hunt, commissioner, presided, assisted by M. Markham Flannery, director of trade-practice conferences.

The resolutions adopted at the conference of this industry were arranged in groups: Group I embraces resolutions affirmatively approved by the commission, and Group II resolutions accepted by the commission as expressions of the trade. These rules became effective November 15, 1928. The resolutions embraced in Group I refer to the following practices:

Inducing breach of contract, imitating trade-marks or trade names, enticement of employees, defamation of a competitor or disparagement of his goods, threatening suit for patent or trade-mark infringements, use of inferior material, discrimination in price by means of split shipments, repudiation of contracts, and deviation from standards.

The resolutions embraced in Group II refer to the following practices:

Ambiguous or incomplete contracts, discrimination in price by means of charging for etchings. or plates, discrimination in price by means of ink coverage, selling goods below cost, and delivery point charges.

FLAT-GLASS INDUSTRY

A trade practice conference for distributors and manufacturers of the flat-glass industry and those engaged in lines kindred to the distribution of glass was held at the La. Salle Hotel, Chicago, Ill., on June 14, 1928. The conference was in charge of Abram F. Myers, commissioner, assisted by M. Markham Flannery, director of trade practice conferences.

From 90 to 95 per cent of the flat-glass jobbing and manufacturing interests were represented.

The resolutions adopted by the industry at the conference were placed in two groups. Group I resolutions were affirmatively approved by the commission and Group II resolutions were accepted by the commission as expressions of the trade. The resolutions embraced in Group I refer to the following practices:

Inducing breach of contract, misbranding, fraud and misrepresentation, the labeling of products, substitution of quality, secret rebates, and price discrimination.

The resolutions embraced in Group II include the following practices:

Selling at cost to induce purchase of other products, arbitration, selling without specifications, differentials between carload and less than carload shipments, and anti-dumping.

COTTONSEED OIL MILLS INDUSTRY

A trade practice conference for the cottonseed oil mills industry was held at Memphis, Tenn., July 24, 1928, Edgar A. McCulloch, commissioner, presiding, assisted by M. Markham Flannery, director of trade practice conferences.

It was estimated that, based on volume, approximately 95 per cent of the industry, covering 14 Southern States, was represented.

Resolutions adopted by the conference were arranged in groups. Group I included resolutions affirmatively approved by the commission and Group II, resolutions accepted by the commission as an expression of the trade.

The resolutions embraced in Group I prohibit:

Price discrimination, commercial bribery, and misbranding, and provide for publication of price statistics.

The following resolution, which was something of an innovation, in that no similar rule has been included in any previous trade practice conference, was adopted:

> *Resolved*, That the clandestine violation of any of said resolutions, those accepted by the Federal Trade Commission merely as expressions of the Industry as well as those approved by said commission, shall be deemed to be unfair methods of competition.

Commissioners Humphrey and Ferguson did not concur in the approval of this rule, being of the opinion it was beyond the power of the commission.

Resolutions included in Group II condemn unwarranted cancellation of contract, or post or predating of contracts under certain circircumstances, define character and quality of commodities, regulating time of delivery, condition of purchases, brokerage, and commissions.

PAINT, VARNISH, AND LACQUER AND ALLIED INDUSTRIES

A trade practice conference was held for the paint, varnish, and lacquer and allied industries, at the Ambassador Hotel, Atlantic City, N. J., on August 1, 1928, at which G. S. Ferguson, jr., commissioner, presided, assisted by M. Markham Flannery, director of trade practice conferences.

Approximately 60 per cent of the paint, varnish, and lacquer industry, based on volume, was present.

Resolutions which were divided into two classes were adopted by the conference. Those relating to business conduct are designated as rules 1, 2, and 3, and were affirmatively approved by the commission. Those relating to committee work and requests to the commission are designated A, B, and C, and were accepted by the commission as expressions of the trade;

The resolutions embraced in the first group relate to commercial bribery, false advertising, and misbranding. The resolutions contained in the second group relate to the establishment of a committee to cooperate with the commission.

REBUILT TYPEWRITER INDUSTRY

A second trade practice conference was held for the rebuilt typewriter industry, at Cleveland, Ohio, August 22, 1928, at which Edgar A. McCulloch, commissioner, presided, assisted by M. Markham Flannery, director of trade practice conferences.

The conference was attended by members of the industry, who conduct about 50 per cent of the volume of business in this fie ld and comprise about 5 per cent of the industry in numbers.

The conference previously held for this industry on February 27, 1920, defined the term “rebuilt” as applied to typewriters.

Two resolutions were passed by the conference which were affirmatively approved by the commission. These resolutions define and prescribe the use and application of the words “rebuilt” and “overhauled.”

PUBLISHERS OF PERIODICALS

A trade-practice conference for publisher of periodicals was held at the Waldorf-Astoria Hotel, at New York City, on October 9, 1928, at which William E Humphrey, chairman of the commission, presided, assisted by Attorney Martin A. Morrison and by M. Markham Flannery, director of trade-practice conferences.

Practically the entire periodicals publishing field was represented, in person or through associations.

The following resolution was unanimously adopted:

Whereas, at this conference or trade practice for periodicals, held in response to the call of Hon. William E Humphrey, chairman of the Federal Trade

Commission, Chairman Humphrey has said in part: "The majority of the periodical publishers not only obey the law but often go far beyond what the law requires in selecting the advertisements they will publish. I do not believe. there is an Industry in America conducted by more honest, high-minded, public-spirited men and women than the publication industry. I do not believe that any industry In America has greater power for good. I believe that the future greatness and security of the Nation rests to a greater extent upon the publishing Industry than probably any other": Be it

Resolved, That we express our sincere appreciation of such commendation, from so high an official and personal source, of the principles and conduct of the publishing industry; and

Whereas, The record of the publishing industry for many years past shows that the very great majority of such publishers have, of their own initiative, taken measures to eliminate fraudulent advertising from their columns, and have welcomed every practicable suggestion to increase the efficiency of such measures; be it

Resolved, That we recognize the fact that the National Better Business Bureau, an organization composed of and supported by the business of advertising, is the most competent agency of assistance to the business of advertising in preventing fraud in advertising and selling and that said bureau has expressed its willingness to cooperate in every way with publishers, In eliminating fraudulent advertising; be it further

Resolved, That we desire and will welcome every cooperation and assistance of the National Better Business Bureau and, said bureau having expressed Its willingness and ability to do so, we request said bureau to advise periodical publishers generally, and, wherever deemed advisable, any governmental agency, whenever advertising, which is being published or is likely to be offered for publication, is established by said National Better Business Bureau to be fraudulent upon reasonable investigation and notice to the person complained of.

The National Better Business Bureau, by the above resolution, was selected by the publishers as the machinery through which the industry would do its own policing of the periodical field. In other words, the National Better Business Bureau, operating wholly in behalf of the publishers and advertising industry, will report to the commission, through the division of trade practice conferences, violations of the trade practice conference rule. This, however, does not preclude a anyone from reporting such violations directly to the commission, nor does it in any way affect the exercise of the commission s prerogative to cause applications for complaints to be filed on the commission's own initiative.

CHIEF EXAMINER

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

Investigations preliminary to the possible issuance of complaints originate in several ways, i.e., by the direction of the commission, by information obtained in other investigations, and in the great majority of cases by direct application to the commission from competitors or the public, which may be affected by alleged unfair practices. No formality is required in making an application for a complaint, a letter setting forth the facts in detail being sufficient, which should, however, be accompanied by all evidence in the possession of the com plaining party in support of the charges being made.

When an application is received by the chief examiner the jurisdictional elements, such as interstate commerce, methods of competition involved, and public interest are considered. In many cases it is necessary to supplement the data submitted by correspondence or by a preliminary investigation before deciding whether to docket an "application for the issuance of complaint." A smaller percentage of the total inquiries received are now docketed than formerly. By referring to Table 1 (p.87) it will be noted that during the year only about 20 per cent of the inquiries were docketed as applications for complaints. In 1923 about 30 per cent of the total inquiries received were docketed and in 1921 about 50 per cent. This decrease is accounted for by the fact that as precedents are established by the commission and the courts, it is possible to dispose of more inquiries without an extensive investigation.

After an application is docketed it is assigned by the chief examiner to an examining attorney or a branch office for investigation. It is their duty to secure all the facts regarding the matter from both the applicant and the respondent. Without disclosing the name of the applicant, the party complained against is approached, advised of the charges, and requested to submit such evidence as it: desires in defense or explanation of its position. The examining attorney, after developing the facts from all available sources, summarizes the

evidence in a final report, reviewing the law applicable thereto, and making a recommendation as to action. The entire re cord is them reviewable by the chief examiner, and, if it appears to be complete, is submitted with recommendation to the board of review or the commission for their consideration.

The chief examiner also conducts, by direction of the commission or upon requests of other units, supplemental investigation of applications for complaints, of formal complaints where additional information is desired by the chief counsel, or suspected violations of the commission ‘s orders to cease and desist. This includes the alleged violation of stipulations to cease from unfair practices entered into between respondents and the commission and the violation of resolutions subscribed to at trade-practice conferences.

The investigating work of the commission is carried on from its main office at Washington, D. C., and through its three branch offices located at 45 Broadway, New York City; 608 South Dearborn Street, Chicago, Ill.; and 544 Market Street, San Francisco, Calif. An attorney from the San Francisco office is also located at Seattle, Wash., with an office at 431 Lyon Building. Business men can confer at these places with qualified representatives of the commission regarding cases and in light of the rulings made by the commission.

THE CLAYTON ACT

The commission has concurrent jurisdiction with the Department of Justice in the enforcement of sections 2, 3, 7, and 8 of the Clayton Act. Effective enforcement of section 7 has been most difficult and in its annual report for the year ending June 30, 1927, the commission directed attention to the decisions of the United States Supreme Court in the cases against the Western Meat Co., Swift & Co., and the Thatcher Manufacturing Co., construing this act (272 U. S. 554). In this decision the order of the commission against the Western Meat Co., including the prohibition of the acquisition of the physical assets of the Nevada Packing Co., through ownership of the illegally acquired stock, was affirmed. In the case of Swift & Co. and the Thatcher Manufacturing Co., however, by a 5 to 4 vote, the court set aside the commission’s orders on the ground that the statute conferred no authority upon the commission to order a disposition of physical assets although obtained as a result of an illegal acquisition of stock. In these two cases the acquisition of the physical properties was consummated before the commission filed its complaints, while in the case against the Western Meat Co., the physical property had not be en acquired at the time final order was issued. The result is that a corporation may purchase the stock of a competitor in violation of section 7, and if it can use the stock thus acquired to com-

plete the acquisition of the physical assets of the corporation. before the commission files complaint, then the situation is beyond the corrective power of the commission.

The rules of the commission were amended so that in such cases complaint would issue immediately upon completion of the preliminary inquiry and before a hearing by the board of review. However, considerable time is necessary in making the preliminary inquiry and so far as the commission is concerned, the effectiveness of the act has been materially lessened by the decisions referred to above.

Since these decisions there have been noted a number of cases where the jurisdiction of the commission has been defeated by the corporation having acquired the capital stock of another company, and then converting the assets of the acquired company either before the preliminary inquiry was completed or before the question as to whether the facts warranted action under section 7 had been considered.

SPECIAL INVESTIGATIONS

Cottonseed.--During the year the inquiry of certain phases of the cottonseed industry authorized by House Resolution 439, approved March 2, 1927, was completed. This inquiry was directed to the question as to whether there was a combination, agreement, or association among the purchasers of cottonseed to fix prices in violation of the antitrust laws. Considerable evidence of cooperation among, the State associations composed of the concerns operating crushing mills was secured, but on the whole did not indicate that the price paid for cottonseed was fixed by agreement. Prices received for cottonseed in 1927 were materially higher than those received in 1926. It was also concluded from the inquiry that one of the main causes of dissatisfaction to both the producer of cottonseed and those engaged in its purchase and manufacture is the lack of a uniform system of grading, which subject is being given consideration by the United States Department of Agriculture. The results of the inquiry are incorporated in a report made by the commission to the House of Representatives on March 5, 1928.

Cooperative marketing.--The extensive inquiry of cooperative marketing organizations authorized under Senate Resolution 34 (69th Cong., special session), approved March 17, 1925, was also concluded during the year. A report in two parts covering the results of the inquiry was submitted to the Senate April 30, 1928. Part I deals with the growth and importance of cooperative marketing organizations and includes a discussion of the evidence obtained relative to interferences with the formation and operation of organizations of producers. It also includes a brief summary covering the development of State and Federal cooperative law, while Part II

deals with a comparison of data on costs, prices, and practices of cooperatives and their competitors. The investigation shows that in some sections, particularly California, cooperative marketing has been quite successful, while in other parts of the country this form of marketing has met only with varying degrees of success. From the data secured it was concluded that the soundness of cooperative marketing should not be measured by the number of failures or successes of individual organizations, because the system has not been in use long enough to determine whether or not, as against other methods of marketing, it will result finally in bettering the financial and social condition of the producer and also prove a benefit to the general public. The proportion of failures among cooperative marketing associations does not appear to be any greater than among the concerns operating along old-established lines of distribution. When failures occurred they were found to be due primarily in some cases to inefficient management and in others to lack of capital, lack of support of the producers, and other economic conditions. On the other hand, where the association had been in operation over a period of years it was found that the problems of operation, management, financing, and selling had been solved and that as, good and in some instances better returns were made to its were realized from other methods of marketing. Some evidence was disclosed indicating that private interests in the past had used questionable methods in opposing cooperatives, and that no doubt there would be continued opposition from the interests controlling the better established methods of marketing. It was concluded, how ever, that the antitrust laws and the Federal Trade Commission act afford a remedy for any unfair practices which may be directed against cooperative marketing organizations.

TRIAL EXAMINERS' DIVISION

OUTLINE OF PROCEDURE

The trial examiners' division, established by the commission on December 1, 1925, functions under the direct supervision of the com mission. The duties of this division are subdivided as follows: (1) Presiding at the trial of formal complaints issued by the commission and (2) the settlement of application for complaint by stipulation; the above duties will be considered under the caption "Complaint" and "Stipulation."

COMPLAINT

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

STIPULATION

In addition to presiding at hearings in formal cases, the division is also charged by the commission with the settlement of applications for complaint by stipulation, except in those cases where the practice is so fraudulent or so vicious that the protection of the public demands the regular procedure of complaint. This division of the commission affords an agency to administer the commission's present policy providing for the settlement by stipulation of informal cases. This procedure provides an opportunity for the respondent to enter into a stipulation of the facts and voluntarily agree to cease and desist forever from the alleged unfair methods set forth therein, which said stipulation is subject to the final review and approval of the commission.

During the short period since the stipulation rule has been in effect 278 separate respondents entered into stipulations of the facts

with an agreement to abandon the unfair methods of competition and cease and desist forever from the said practices in interstate commerce.

Stipulation release for publication, after deleting names of parties, up to June 25, 1928, are reproduced on page 182.

The policy of the commission affording respondents an opportunity of disposing of certain cases by stipulation has resulted in a substantial saving in time and money to the Government, as well as to the prospective respondent, and at the same time has immediately eliminated unfair methods and practices from the channels of interstate trade.

From an estimate made by the commission it was determined that the average cost of procedure by complaint, involving the taking of testimony, reporting, and trial, costs about $2,500, while the cost of settling application for complaint by stipulation--thus avoiding a complaint--costs less than $500 per case. The immediate cessation of the unfair practice, however, is of greater importance than the monetary saving involved.

The procedure by stipulation, in the opinion of the commission, has resulted in gradually establishing and perfecting precedents that in the future will greatly facilitate procedure and at the same time eliminate from the. channels of trade many unfair business methods that to a large extent have become prevalent, although recognized as unethical but tolerated through usage.

ECONOMIC DIVISION

The work of the economic division represents substantially the functions taken over from the Bureau of Corporations. It consists in ascertaining and interpreting facts relating to the organization, conduct, and results of commercial enterprises, and in recommending Constructive or remedial legislative action. Under the Federal Trade Commission act the President or either House of Congress is authorized to direct the commission to make inquiries of this general character and the commission may also initiate them on its own motion. While questions of monopoly or restraint of trade are presumably involved in the former, they are not necessarily involved in the inquiries undertaken on the initiative of the commission.

The results of these inquiries are embodied in printed reports and du ring the period of its existence the commission has in this manner surveyed a large portion of the industries of the country, and a number of important legislative results are attributable in part at least to the findings of the commission.

During the fiscal year the following inquiries were prosecuted by the economic division:

Electric power.--Inquiry directed by Senate Resolution 329 (68th Cong., 2(1 sess.), February 3 (calendar day, February 9), 1925.

Petroleum prices.--Inquiry directed by Senate Resolution 31 (69th Cong. 1st sess.), June 3, 1926.

Stock dividends.--Inquiry directed by a Senate Resolution 304 (69th Cong., 2d sess.); December 22, 1926.

Bread and flour.--Inquiry directed bay Senate Resolution 163 (68th Cong., 1st sess.), February 16, 1924.

Panhandle petroleum.--Inquiry directed by the commission October 0, 1926.

Power and gas utilities.--Inquiry directed by Senate Resolution 88 (70th Cong., 1st sess.), February 13 (calendar day, February 15), 1928.

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

Open-price associations.--Inquiry directed by Senate Resolution 28 (69th Cong., special sess.), March 17, 1925.

Lumber trade associations.--Inquiry directed by the commission January 4, 1926.

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

Du Pont investments.--Inquiry directed by the commission July 29, 1927.

Chain stores.--Inquiry directed by Senate Resolution 224 (70th Cong., 1st sess.), May 8 (calendar day, May 12), 1928.

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

WORK ON HAND

At the close of the fiscal year 1927, as stated in the last annual report, the commission had on hand and uncompleted seven inquiries. Of this number, five were brought to completion during the fiscal year 1928, that is, bread and flour, petroleum prices, panhandle petroleum, stock dividends, and the original inquiry into electric power, leaving uncompleted only the inquiry into Open-price associations and lumber-trade associations.

Early in the fiscal year the commission on its own motion ordered four new inquiries, which were assigned to the economic division, i.e., resale price maintenance, geographic bases of prices, blue-sky securities, and Du Pont investments. In addition, the Senate in the course of the fiscal year directed an inquiry into chain stores (S. Res. 224), which was assigned to the economic division, and also a new investigation of power and gas utilities, a large portion of which inquiry was assigned to this division. At the close of the fiscal year, therefore, the economic division had on hand and uncompleted seven inquiries and, in addition, the very extensive accounting and financial investigation of the power and gas utility companies called for by Senate Resolution 83 and assigned to the economic division by the commission. Of these inquiries, however, that into Du Pont investments was virtually completed. at the close of the fiscal year and those into blue-sky securities and open-price associations were well along toward completion.

ELECTRIC-POWER INDUSTRY

On January 12, 1928, the commission transmitted its second and concluding report on the electric-power industry to the Senate, made in response to Senate Resolution 329, Sixty-eighth Congress, second session. The first volume, Control of Power Companies, submitted to the Senate February 21, 1927, dealt primarily with the organization, control, and ownership of commercial power companies, with special reference to the extent of the control exercised by the General Electric Co.

During the debate in the Senate on the above-mentioned resolution it was stated that the General Electric Co. had acquired a monopoly control over the manufacture, sale, and distribution of electrical equipment and apparatus. Part I of the second volume shows the results of the commission's inquiries on this subject, including a general survey of competitive conditions in the manufacturing field. Part II of this volume deals with competitive conditions in the electric-power industry and considers, also, how such conditions are affected by the industry's status as a public utility subject to Govern-

ment regulation. Among the important findings and conclusions of the commission; as stated in this report, are the following:

The General Electric Co. has been for many years the largest manufacturer of power-plant machinery and equipment in the United States. Its value of sales billed increased from $16,000,000 In 1893 (the first complete year after its formation) to nearly $327,000,000 in 1926; its total Investment Increased from about $51,000,000 In 1893 to nearly $382,000,000 In 1920; and its net earnings were a little less than $3,000,000 in 1893 and (before deducting Federal income taxes) over $59,000,000 in 1926.

As compared with the census classification of "electrical machinery, apparatus, and supplies," which includes Important products that are not used by the electric-power industry, 'the value of the General Electric Co.'s output has rep resented from 16 to slightly more than 20 per cent of the total value for the country in recent census years. For the more important units of electric-power equipment the General Electric Co.'s proportion is larger, representing for the census years 1919, 1921, and 1923 from 46.9 to 51.0 per cent of the value of all generators; from 52.2 to 58.3 per cent of the transformers; from 34.2 to 42 per cent of the motors; and from 32 to 45.1 per cent of the control apparatus. These percentages measure roughly the importance of the General Electric Co. as a producer of the heavier lines of power equipment. Prior to 1925 the three largest companies were the General Electric Co., the Westinghouse Electric & Manufacturing Co., and the Allis-Chalmers Manufacturing Co. In 1925 the American Brown Boveri Electric Corporation, a domestic company manufacturing under American and foreign patents and technical information, was organized, thereby adding a fourth company to the group. The Brown Boveri company acquired several Important manufacturers of transformers, switches, and electric-railway equipment.

During the five-year period 1922-1926 the rate of profit of the General Electric Co. before deducting Federal income taxes ranged from 11.2 per cent to 10.2 per cent. Considering only the earnings on its investment in the electric manufacturing business (i. e., excluding outside investments) the rates of return during the same period ranged from 14.3 per cent to 22.8 per cent. The profits of other electrical companies were not obtained for this period, but for 1924 financial reports were received from 79 companies engaged to a greater or, less extent in the manufacture of goods used by the electric-power industry. The average rate of return for these companies (which had an aggregate total investment of about $490,000,000) was 9.6 per cent In 1924, as compared with 15.1 per cent for the General Electric Co., though some of these companies individually had higher rates of return than the General Electric Co.

The inquiry respecting competitive conditions in the manufacture and distribution of electric-power equipment was limited to those lines such as generators, transformers, motors, switches and switch gear, station equipment, and line materials that are essential to the production and distribution of electric energy. Prior to 1925 the manufacture of much equipment was carried on partly by the three large companies mentioned above, generally known as "full-line" companies, manufacturing practically all kinds of power equipment, and partly by a large number of smaller "short-line" companies confining their production in some cases to a single kind of equipment. The prices of these large companies are regarded in the trade as maximum levels, above which the other comparatively small manufacturers generally can not hope to sell. It is also the general belief among these comparatively small

manufacturers that the large companies compete actively in price quality, and service. Some small manufacturers stated that although the, large companies undoubtedly have the power to crush them by price competition, this power has not been used in recent years. It was stated, however; by certain small manufacturers of fractional horsepower motors that in recent years prices have been reduced to levels at which they have been unable to compete. Many small manufacturers, on the other hand, stated that the small companies rather than the very large e ones are their sharpest price competitors. The general opinion among the many small manufacturers called upon was that the General Electric and Westinghouse Cos. dominate the trade chiefly because of their financial resources, country-wide distribution, and service organizations and control of many of the largest wholesalers. The elements in the competition of the large companies that are most difficult for the small manufacturers to meet are the lump-sum bid, the quantity discount, and the consignment of motors. There was some complaint of oppressive patent litigation, but no substantial evidence has been obtained on this point.

Preference for the equipment of one manufacturer over that of another because of previous installations, plays an important part in the purchasing of some power interests; but, in general, power companies secure competitive bids and appear to purchase their equipment from the lowest, bidder, other conditions as to guaranteed efficiencies, times of delivery, etc., being satisfactory. Some large power groups distribute their purchases among different manufacturers for the specific purpose of maintaining competition.

Several manufacturers stated that prior to 1925 they were unable to sell to companies affiliated with the Electric Bond & Share Co., which was then controlled by the General Electric Co. Executives of the Electric Bond & Share Co. stated that the company's policy had always been to purchase from the General Electric Co. only In case the latter's prices and terms were at least as favorable as those of other companies. A study of the generators in use during 1925 in the plants of companies affiliated with the Electric Bond & Share Co.; however, showed that for specified 5-year periods within which such generators were Installed from 1905 to 1925, 91 to 97 per cent were of General Electric make as compared with from 60 per cent to 75 per cent for their privately owned companies not so affiliated, and from 36 to 44 per cent for municipal plants.

The General Electric and Westinghouse Cos., through their research organizations, have been leaders in developing patents, technical information, and manufacturing experience in the nature of trade secrets that are of value to companies in foreign countries. Foreign companies likewise have patents and information valuable to companies in America. The result is that these two large American companies have severally entered into contracts with numerous large electrical manufacturing interests in the principal foreign industrial countries. By these contracts each party, among other things, makes the other its exclusive licensee under its patents in a specified territory. Thus these two large American companies have obtained the American rights under the foreign patents of many of the most important foreign companies. These rights may be used or withheld from use as the big companies see fit, as no other American manufacturer can obtain the rights without the consent of their American holders. Thus potential competition, both of the foreign companies and of other American manufacturers who might otherwise obtain rights under the foreign patents, is eliminated.

In the beginning of the electric-power industry two or more independent plaints frequently competed in supplying electric energy in a given locality. This,

however, resulted in comparatively small plants and In duplication of distribution lines, with resulting high costs for the energy sold by each oaf the competing companies. Consolidations of local companies followed, until at the present time each city or district usually is supplied by a single operating company. In most States these local monopolies are recognized by laws declaring them to be public utilities subject to a governmental regulation. State regulation of the sale of power is confined to intrastate commerce. The growing movement of power across State lines, with the development of large operating units and their connection to form larger so-called superpower Systems, is steadily increasing the importance of interstate commerce in power which is beyond the field of State regulation and for which there is at present no adequate provision for Federal regulation.

Particularly during the last 20 years numerous so-called holding companies have grown up which control, finance, and manage local operating companies, sometimes situated in as many as 20 or more States. These holding companies normally own only voting stocks amounting in many cases to not more than 25 per cent of the total outstanding capitalization of operating companies. In many States the issuance of securities by operating companies and the expenditure of funds raised thereby is subjected to State regulation. The financial transactions of a mere holding company, however, controlling operating companies in a given State but chartered in another State, escape direct regulation, because the holding company is not engaged in intrastate commerce in that State, nor even doing business there. Consequently the opportunity for unchecked speculative pyramiding of holding-company structures exists, and It has been exploited by the sale to the public of a large volume of holding-company securities that are based upon their equities, merely in what has been aptly described as the "control of control" of operating properties. Not only do the financial operations of holding companies escape State regulation, but the fees charged for their services to operating companies likewise occasion difficulty to State regulatory agencies. Fees for financing and construction services are allowed to be capitalized as a basis for rates, while fees for operating management are chargeable to operating expenses. State commissions must pass upon the allowance of these items without adequate authority to obtain information regarding their reasonableness, if the holding companies are incorporated in other States. Some complaint on this score has been noted in particular instances.

Rate regulation was one of the earliest and still is the most important function of State regulatory bodies. The determination of the amount of investment to be used as a basis for measuring the fairness of rates is an important feature of rate regulation. The view of the Massachusetts and other State utility commissions as well as of the Interstate Commerce Commission that capital honestly and prudently invested should be taken as the controlling factor in the determination of fair and reasonable rates appears to be gaining ground. It is the frequent practice of holding companies, however; at group a number of local operating companies and merge them to form a single large operating company, with the possibility of profit to the holding interests in the turnover of the properties. Applications to State commissions for increased valuations following such mergers sometimes have been made and allowed.

The characteristic feature of the power industry under governmental regulation is the absence of competition in the usual sense of the word. Electric power, however, is in constant competition with other forms of power, particularly in the manufacturing industries. Electric power companies, therefore, frequently offer exceptionally low rates to Induce industrial concerns to

buy power rather than to produce it, and they also make sales to distributing companies at low rates. Such low rates, often made by special contract and with little aor no effective supervision by regulatory agencies, may be for sales of power in interstate commerce, in which case State commissions do not have jurisdiction. Consumers of electric energy for lighting, however, whose aggregate consumption represents not more than 25 to 30 per cent of the total demand, but who pay 60 to 70 per cent of the gross amount derived from sales of energy, are dependent upon effective public regulation to insure that their rates are fair.

A notable feature of the power industry is the competition among holding company interests to acquire desirable operating properties in various States. The frequent result of this competitive bidding, it is alleged, is speculative fluctuations in the prices of voting stocks of operating companies, for which prices paid often do not coincide with book equities nor bear any reasonable relationship to past or probable future earning capacities.

The power industry has a large and very active trade organization, the National Electric Light Association, which in 1926 included in its nine classes of membership 15,820 of the leading power operating and holding companies, manufacturers of electric power equipment, engineers, scientists, and others interested in the development of the power industry. The object of the association, as set forth In its constitution, is to advance the art and science of the production, distribution, and use of electric energy, largely through educational methods. The association's activities may be classed under three general heads: (1) Compilation and dissemination of technical and other information; (2) cooperation with other organized groups of manufacturers, dealers, engineers, scientists, financial interests, underwriters, and with State and Federal governmental agencies in the consideration of matters affecting the power industry, either directly or indirectly; and (3) educational activities intended to create public good will for the industry as at present conducted under private ownership subject to public regulation. Through its extensive divisional and committee organization, cooperation with technical, trade, financial, governmental, and other organizations, and through its contacts with the press and other agencies for the molding of public opinion, the association undertakes many lines of activity that care unusual in trade association programs, and until quite recently, at least, it has sometimes been lacking in frankness toward the public.

There were formerly two manufacturers' trade associations and one manufacturers' social organization federated under what was known as the Electrical Manufacturers' Council, which in 1927 were consolidated under the name of the National Electrical Manufacturers' Association. The council exercised an unusual amount of control over the activities of Its constituent associations in applying the rule that all acts or proposed activities should be subject to review by the council's legal committee and its employed counsel. In this way the council was apparently alert in keeping the manufacturers' association activities in line with the requirements of the antitrust laws.

PETROLEUM PRICES, PROFITS, AND COMPETITION

On December 12, 1927, the commission transmitted to the United States Senate a report on Prices, Profits, and Competition in the Petroleum Industry. This report was made pursuant to Senate Resolution 31 of the Sixty-ninth Congress, first session, agreed to June 3,

1926. Although the Senate resolution was addressed primarily to the question whether there was arbitrary control of prices of petroleum and its products through agreements among companies engaged in the industry or through conditions of ownership or control of oil properties, its broad scope and the complicated character of the petroleum industry made it necessary to cover all phases of the industry, which embraces crude-petroleum production, pipe-line transportation, petroleum refining, and the distribution of petroleum products to the consumer. The important facts set forth in the report are as follows:

Less than 20 years ago one company, which was absolutely controlled by a very small group of men, completely dominated the petroleum industry and determined the prices of both crude petroleum a and the refined products. Since then great changes have taken place in the organization and importance of many companies and in their relations to one another and to the industry as a whole. This has been due partly to the separation of most of the subsidiaries of the Standard Oil Co. of New Jersey from this holding company in 1911, as a result of a Judicial decree under the antitrust acts, and partly to the great expansion of the industry through new and extremely productive fields of crude supply and through new and well-nigh insatiable demands for gasoline for motor cars.

In 1906 the Appalachian, the Lima-Indiana, and the mid-continent fields each had a crude production of about 22,000,000 barrels, and the California field bad about 33,000,000 barrels of heavy crude, though it was then of little value except for fuel. By 1926 about 425,000,000 barrels were produced in the mid-continent field, 225,000,000 in California, and 85,000,000 in other fields west of the Mississippi, the total production being over five times as large as in 1906. With respect to refined products, the census for 1905 shows a production of 27,000,000 barrels of illuminating oils, with a production of gasoline of only 5,800,000 barrels. In 1926 the production of kerosene was 62,000,000 barrels and of gasoline 300,000,000 barrels. Gasoline production had increased more than fiftyfold. With this great expansion numerous large and efficient independent companies have developed and the potentiality of competition has been restored.

All of the separated Standard companies in the aggregate now have about 25 per cent of the crude production and about 45 per cent of the output of refined products. They had about 80 per cent of refined products 20 years ago. Considering all the large companies, both Standard and independent, each of 11 refining companies now uses more than 2 per cent of the total crude refined in the United States. Five of these companies have evolved from the dissolution of the old Standard combination, and their combined consumption is nearly 42 per cent of the total; the consumption of the six independent companies is roughly 25 per cent. In the marketing. of their refined products the independent companies sustain roughly the same relation to one another and to the whole as in the refining business. About half of the crude is still produced by a very large number of individuals or small companies, but more than two-thirds of the “proven acreage” of oil-bearing lands of the country is in the hands of nine Standard companies and the six independent companies to which reference is made above. Interstate pipe-line mileage for the transportation of crude oil has increased from 49,000 miles in 1920 to nearly 75,000 at the present time. Formerly nearly all these pipe lines were controlled by Standard refining interests, and even

after the law declaring them common carriers had been upheld by the Supreme Court (1914) they had minimum requirements as to the quantity accepted for shipment, which generally prevented their use by any companies but those affiliated with them. This commission, in a report published in 1916, recommended that these minimum quantities should be greatly reduced. The Interstate Commerce Commission in 1922 directed a reduction in this minimum quantity for shipments to certain points from 100,000 to 10,000 barrels, and voluntary reductions since then have resulted in the extensive use of such pipe lines by independents. A still greater equality of opportunity in the use of pipe lines appears desirable.

The inquiry disclosed with respect to company management that 179 directors hold 458 directorships in companies covering 70 per cent of the industry aside from the production of crude, but only four instances were reported of inter-locking of directorates such as would have an appreciable tendency to unify the control of any considerable part of the industry.

The controlling ownership of the several Standard Oil companies which, after the dissolution decree was put into effect in 1911 rested in the hands of three or four individuals, has been widely dispersed. So far as this factor is concerned there is no longer unity of control of these companies through community of interest. Among different companies this community of interest varies widely, and is largest among the pipe-line companies.

Of nearly 10,000 reported large stockholders in all reporting companies only 163 were found to have as much as 1 per cent or more of the voting stock of each of two or more companies, and only 22 of these were holders of stock in potentially competing large groups. With respect to 5 individuals and 11 other holders, each of them had more than 1 per cent of the voting stock of the controlling companies in two or more of the Standard groups, and each of six brokerage houses held more than 1 per cent of the voting stock of both Standard and independent companies. None of these holdings, however, appears to have any especial significance with respect to control No individual reported as the holder of 1 per cent or more of the stock of two Standard companies is reported as an officer or director of any company in the petroleum industry.

The Standard marketing companies continue in general to confine their tank-wagon sales to retailers and their filling station business to the separate territories assigned to them before the combination was dissolved, but there are now numerous exceptions to this rule. Thus the Standard of New York and the Standard of California compete for such business on the Pacific coast. In Texas and Arkansas the Standard of New York likewise competes with the Standard of New Jersey. The Standard of Indiana through a recently acquired subsidiary is now In competition with the Standard of New Jersey, the Standard of New York, the Standard of Kentucky, and other instances might be cited.

Moreover, some of the largest Standard companies hold themselves ready to sell gasoline in tank ears to jobbers without restriction as to the territory of resale, thus making it possible for the independent jobber to resell in com petition with them. Some of them also sell In tank cars outside of their regular marketing territories. The number of independent jobbers is very large and is rapidly increasing.

The resolution directing this inquiry, which was agreed to June 3, 1926, was grounded on the fact that in the early part of each of the years 1924 to 1926 gasoline prices had been materially advanced in the face of rapidly accumulating stocks and had been reduced later in the year when stocks were decreasing. Since the first four months of the year also constituted the

period of lowest consumption, this paradoxical showing seemed to indic ate an interference with the free working of the law of supply and demand. The change in price was downward in the early part of 1927, in strong contrast to what had happened in the years immediately preceding.

In general, as to the prices of crude petroleum, this inquiry tends to establish the conclusion that the price movements for the longer periods are substantially controlled by supply and demand conditions, but that these conditions are reflected quite imperfectly in shorter periods, partly because crude prices are determined by the decisions of a few large purchasing companies among which there is generally little real competition. With respect to refined products, at least in local sale and distribution, the price conditions reflect even less closely the actual changes in supply and demand, so far as they can be measured by concrete statistical facts. In part this corresponds to the normal conditions of local marketing over wide areas, but in part also to the fact that the varying prices at which the different Standard companies offer their products at the same time In their respective marketing territories are generally followed by their competitors.

No recent evidence was found of any understanding, agreement, or manipulation among large oil companies to raise or depress prices of refined products. General changes in tank-wagon market prices of gasoline are decided upon and announced to competitors, generally a day in advance, through "Platt's Oilgram" service, ticker service, by telephone, or otherwise by each company of the Standard Oil group for its particular territory, independently of the other Standard companies. These changes in prices, which are not simultaneous for the different Standard companies, are generally followed immediately by most of the independent marketers in the respective regions in which such price changes are made. The independent companies seldom take the initiative in c hanging pr ices. Discounts and concessions from the regular prices are often give to various customers at different times by all the companies in the trade While there is keen competition for volume of business between the various independent and the Standard Oil companies in the several territories, price competition is generally only sporadic, local, or temporary.

There is a w id e difference in the retail prices of gasoline in various sections of the country At the end of June, 1927, gasoline sold at retail in San Antonio, Tex., at 15 cents per gallon, while the price at Boise, Idaho, was 25.5 cents per gallon. The Boise price was 10.5 cents, or 70 per cent, over the San Antonio price. These wide prices differences are due to a number of factors, such as differences in railway freight, differences in wholesaler's margins, differences in State gasoline sales taxes, and differences in retail dealers' margins. In certain cases there are considerable differences at adjacent points within a State which are due to local competition.

Complaint s as to unfair competition were not frequently encountered, the Independent jobbers being more concerned, about price cutters in their own ranks. It is admittedly one of the chief functions of jobbers' associations to keep members from cutting the tank-wagon and filling-station prices announced by the Standard companies. The Standard companies and the other large companies, when once established, are not complained of much as price cutters. Particular cases of alleged unfair competitive methods are described in the report.

Through a system of licenses under certain pa tents to produce gasoline by the "cracking process" a so-called patent pool was recently established among a number of large refiners, but, as the legality of this arrangement is now before the courts, this commission refrains from expressing an opinion upon that score.

Restrictions of production of crude oil In particular fields have occurred from time to time as a result of concerted action of producers. Information obtained in this investigation indicates that agreements made in 1926 and 1927 by officials of the largest oil companies in the country to restrict production of crude petroleum in the Seminole fields had for their object the protection of the profits of the companies by preventing further declines in crude prices and consequently in the prices of refined products as well as the preventing of the physical waste of petroleum, which, while threatened, has not occur red apparently to any considerable extent. In this policy they have been aided, more-over, by the public authorities of Oklahoma, who ultimately imposed restrictions on production.

Recently several important mergers have been made in the oil industry of companies engaged in interstate trade; and in each case except one a Standard company has been one of the elements of the new organization. Among them may be mentioned the combination of the Standard of Indiana with the Pan American Petroleum & Transport Co., the Standard of California with the Pacific Oil Co., the Standard of New York with the General Petroleum Corporation, and the Tidewater Oil Co. with the Associated Oil Co. Only the economic results of these mergers are considered here, and a study of them discloses in each case the development through this means of a rather completely integrated organization, with marketing outlets for refined products and with sufficient crude production and proven acreage to supply the refineries included. In two instances especially, not mentioned above, the companies merged had been marketing petroleum products within the same areas, so that some suppression of competition was incidentally involved in merging them.

It is apparent that increased competitive activity has developed in the industry in the most recent years, but this has not prevented an increasing rate of profit in all of its branches. Returns were received by the commission from most of the important producing, refining, and marketing companies. For the years 1923, 1924, 1925, and the first half of 1926, the rate of profit on investment, based on the companies' own figures, ranged from an average of 2.5 per cent in 1923, a year of depression in the industry, to 14.7 per cent in the first half of 1928 for all crude-oil-producing companies reporting, and from 5.1 per cent to 11.3 per cent for the refining companies. The profits of interstate pipe-line companies were much higher, exceeding 17 per cent in every year of the period 1921-1926, and averaging no less than 20.3 per cent. The profits of the petroleum industry, however, were much higher before and during the war than in recent years.

The peculiar conditions connected with the occurrence and production of petroleum, especially the fact that an operator may be able to drain the petroleum from adjacent owners' land, together with the tendencies of the present leasing system, have led to a movement for devising some method of regulating production in order to conserve the petroleum and to protect the financial interests of landowners and operating companies. This commission is not now prepared to make any recommendation as to the methods to be used, as this problem is being considered by the Federal Oil Conservation Board.

STOCK DIVIDENDS

On December 5, 1927, the commission sent to the Senate its report on stock dividends in response to Senate Resolution 304, Sixty-ninth Congress, second session, approved December 22, 1926, directing the commission to "ascertain and report to the Senate the names and the

capitalization of corporations that have issued stock dividends, together with the amount of such stock dividends, since the decision of the Supreme Court holding that stock dividends were not taxable, and to ascertain and report the same information as to the same corporations ford the same period of time prior to such decision."

This report presented the names, capitalization, and amounts of stock dividends of 10,245 corporations paying such dividends since the decision of the Supreme Court of the United States that such dividends were not taxable to shareholders. (Eisner V. Macomber, 252 U. S. 189.) This was the total number of corporations paying stock dividends subsequent to the decision from which the commission was able to procure reports which could be thus tabulated. As the names of many of the corporations in question were obtained from the Treasury Department records relating to stock dividends in recent years only, a very large proportion of the returns were not suitable for statistical comparison to show the trend of business policy prior and subsequent to the stock dividend decision referred to. Taking 2,971 corporations which were strictly comparable not only for dividends but also for capitalization and surplus for 14 years (7 years prior and 7 years subsequent to the decision), the absolute increase in stock dividends in the later period as compared with the former may be computed at about 476 per cent for those corporations paying a stock dividend at any time during the entire 14 years.

In the later seven years these corporations distributed in stock alone the equivalent of about 28 per cent of their total surplus available for distribution and of about 42 per cent of the total surplus attributable to the seven years in question. In the earlier seven years the equivalent of only a little over 8 per cent of the total surplus available for distribution and of less than 11 per cent of the total surplus attributable to the period was distributed in stock. The probable reasons for the difference between the two periods, as explained in detail in the report, are the heavy reinvestment of earnings in property in both periods which were not capitalized until after the decision in Eisner v. Macomber. In the earlier period it was uncertain whether such dividends were taxable or not, and the rear of such taxation, which would have especially affected large stockholders subject to high surtaxes, was probably a potent reason for not issuing them. The stock-dividend decision early in 1919 removed this objection.

From 1920 to 1926 the large dividend declarations in stock and cash, more particularly the former, reduced the average surplus per dollar of capitalization from $1.07 to $0.53. Surplus per dollar of capitalization at the close of 1926 was below that at the beginning of 1913, when it amounted to $0.60.

GRAIN, BREAD, AND GRAIN

This inquiry was begun under Senate Resolution 163, which directed the commission to investigate the production, distribution, transportation, and sale of flour and bread, showing costs, prices, and profits at each stage of the precess of production and distribution from the time the wheat leaves the farm until the bread is delivered to the consumer; the extent and methods of price fixing, price maintenance, and price discrimination; the developments in the direction of monopoly and concentration of control in the milling and baking industries; and all evidence indicating the existence of agreements, conspiracies, or combinations in restraint of trade.

On May 7, 1926, a preliminary report on the profits of flour millers and conditions of competition in the flour-milling industry was sent to the Senate, and on February 11, 1927, a preliminary report on bakery combines and profits was submitted. These were referred to in detail in the 1926 and 1927 annual reports of the commission, respectively.

On January 11, 1928, there was transmitted to the Senate a report covering all phases of the inquiry called for by the resolution, though in respect to competitive conditions in flour milling the report was not as full as it was desired, owing to the refusal of the Millers' National Federation to furnish the commission certain information requested. It is expected that the commission will issue a supplementary report when decision has been reached on certain legal proceedings now under way to determine its right to this information.

The report issued January 11, 1928, includes a study of the mar-gins of wheat handlers, the marketing of flour and bread, competitive conditions in both flour and bread baking, bread prices, and profits and costs for both bread and flour. In addition, there is shown the distribution of the consumer's price of bread among the successive agencies of production, manufacture, and distribution.

Detailed returns covering the marketing of bread were obtained by the commission from 147 large baking companies operating 355 plants. Probably one-half or more of the total commercial bread is produced and sold by a comparatively small number of companies. In 1925, 57 companies, including 3 chain-store systems operating 278 plants, produced and sold more than 30 per cent of the estimated total commercial production of that year.

The study of wholesale baking plants by size groups indicates that, in general, the costs of the larger plants are appreciably lower than for the smaller plants taken as a whole. On the other hand, very low-cost plants are found in practically every size group, and a number of the small plants show as low cost as the largest.

From 1922 to 1924 consumers paid retail grocers an average price of 8.549 cents for a pound of bread. Of this final sales realization the farmer received 1.145 cents, the miller 0.4060 cent, the baker 5.110 cents, and the retail grocer 1.279 cents, excluding the cost of the wheat, flour, and bread to the miller, baker, and retail grocer, respectively, these latter items being omitted to avoid duplication. Transportation of wheat and flour and country and terminal handling charges absorbed the remainder of this total sales realization, amounting to about 0.6 cent.

The inquiry has shown, among other things, that wholesale baking has in recent years been generally profitable. In several places price-cutting wars have occurred, sometimes initiated by the big bakery combines and followed by price-fixing agreements.

PANHANDLE CRUDE PETROLEUM

In October, 1926, in response to a request by producers in the Panhandle oil field in northwest Texas, a special inquiry was made to ascertain the reasons for a recent reduction in the price of petroleum which was instituted by the major purchasing companies.

As a result of investigation among large and small operating companies, whose combined production comprised more than 70 per cent of the current output of the Panhandle field, it was found that prior to August 1, 1926, the oil was purchased upon a gravity basis. Crude oil testing 28°-28.9° A. P. I. gravity brought $1.35 per barrel, with an addition of 5 cents for each full degree in gravity up to 390 gravity and above, for which the maximum price was $1.90 per barrel. This schedule of prices applied particularly to Hutchinson and Carson Counties.

On August 1, 1926, one of the small purchasing companies abolished the gravity basis and announced a flat price of $1.25 per barrel for oil produced in Hutchinson and Carson counties. On September 22 and 24 similar action was taken by two of the major purchasing companies. On October 4 the remaining purchasing company adopted the same course. This brought the matter of price reduction to an issue. At that time the daily production in Hutchinson and Carson Counties was around 120,000 barrels, which was equivalent to 96 per cent of the total output for the Panhandle field.

On one hand, particularly among the smaller producers, there was a strong belief that they were being imposed upon, and allegations of discrimination as compared with prices paid for Oklahoma and North and Central Texas crude petroleum were made. On the other hand, the purchasing companies declared that the Panhandle crude was abnormally high in paraffin and sulphur content, thus making it more difficult to handle in pipe lines and in refinery operations, and be-

cause of these unusual characteristics there was no demand for the oil among refiners. Furthermore, what was deemed highly objectionable was the fact that the producers were pushing drilling operations and increasing the production at a time when pipe line and storage facilities were inadequate to handle the output.

After a thorough investigation of the situation it was found that only a few of the smaller producers had taken the precaution to erect storage tanks to care for the new production, and drilling operations had increased the output to a point far in excess of the pipe line and storage facilities of the few purchasing companies that were attempting to handle the oil. Prorating the quantity of oil taken from each producer was resorted to, and this afforded some relief to the smaller producers.

There were adequate railroad facilities for shipping the oil to distant points, but there was an obvious shortage in field storage tanks and in gathering pipe lines to move the oil. from the wells to railroad loading racks. The larger and more experienced producing companies erected tanks and installed gathering lines to handle their own production, and they also gave liberal assistance to neighboring smaller producers. The greatest difficulty was in providing adequate facilities to accommodate all those that desired an immediate market and constant service in moving the oil from the wells.

As regards the reasons for reducing the price of the product , inquiry among the few refineries that had experience in refining Hutchinson County oil developed the opinion that because of its peculiar character it was more difficult to handle and more expensive to refine than c rude produced in some adjacent fields. With respect to the properties of the Panhandle crude petroleum, a report of recent analyses by the United States Bureau of Mines states that “the crude oil now being produced in the recently discovered Panhandle field of Texas has gained the reputation of being a difficult crude to refine. This is largely due to the fact that the oil contains sulphur compounds which are difficult to remove from the gasoline and other products. The crude as produced, according to a report of the Bureau of Mines (No.6014, December, 1926), usually contains a small amount of emulsified water, which should be completely removed in the field as it is corrosive to refinery equipment, and the high wax content of the oil causes it to congeal in storage tanks and pipe lines and makes it difficult to transport during cold weather.

ELECTRIC POWER AND GAS UTILITIES

Senate Resolution 83, Seventieth Congress, first session; directed the commission to inquire into , and report to the Senate upon certain aspects of the policies and practices of electric po we r and gas utility companies and associated interests. The subjects of inquiry are,

broadly speaking, their financial management and their methods of publicity. In undertaking this work the commission directed that the financial aspects should be investigated by the chief economist, while the methods of publicity should be inquired into by the chief counsel, both, however, working in cooperation. The information collected in accordance with the direction of the Senate resolution is being put in evidence by the chief counsel through public hearings, over which a member of the commission has been designated to preside. Further details of this investigation will be found under Public Utilities Investigation, page 1.

RESALE PRICE MAINTENANCE

Pursuant to a resolution of the commission adopted July 25, 1927, a comprehensive study of the question of resale-price maintenance was undertaken during the year. The resolution directed the chief economist to make inquiry regarding the maintenance of manufacturers resale prices, both at wholesale and retail, and to report to the commission on the advantages and disadvantages of resale-price maintenance to manufacturers, wholesalers, and retailers, and to the consumers who ultimately buy the goods. The resolution further directs that the study shall cover the costs, prices, margins, and profits of manufacturers and distributors on price-maintained and non-price-maintained goods, the relationship of advertising expenses to such costs, price se, margins, and profits, the ca uses or motives for price cutting by distributors, the effects of such price cutting upon the volume of goods handled, and its effects either in eliminating manufacturers and distributors from business, or in multiplying the number of distributors if such effects are found, together with any other facts pertinent for the consideration of the Congress, and the character of legislation, if any, on the subject that should be recommended to the Congress by the commission.

This inquiry was initiated late in 1927, and has been carried on as rapidly as limited personnel permitted. Schedules and questionnaires have been sent to thousands of manufacturers, wholesalers and retailers of price-maintained and nonprice-maintained goods. In this connection a large amount of field work was done by the agents of the commission in studying the policies and practices of different classes of traders and in assisting in securing the returns. Questionnaires calling for general information one the subject have also been sent to thousands of professional men and consumers. Responses to the commission's requests for financial and other information have resulted in a mass of valuable material, which is being summarized for the preparation of a report, which will also include in its scope; considerable study of published material on price maintenance in the United States and in certain foreign countries.

OPEN PRICE ASSOCIATIONS

At the end of the fiscal year the report On open price associations was organized and substantially written, the important being further work needed to round out the analyze is Basic field work and statistical compilations had been completed.

Although, this inquiry relates directly only to open price associations, it was deemed important to make a general canvass of practically all trade associations whose members do an interstate business. It was necessary to obtain some information from each association in order to determine whether it should be classed as open price or not, in the Sensed of the McKellar resolution (S. Res. 28, 69th Cong., special session of the Senate), under which this inquiry was undertaken. It was also felt that the significance of open price activities could be determined only by comparison, and especially by comparison between open price associations and other trade associations that compile and distribute trade statistics but do not include price information as an activity.

The inquiry has therefore been rather broad, and some information has been obtained from a large number of trade associations. In the number covered exceeds 1,000.

The term "open price" association was defined for the purposes of the commission's report in the words of the McKellar resolution as one "distributing or exchanging price information." The price information in question may relate merely to the general market trend and contain nothing in the nature of actual prices obtained in specific transactions. In this group are included any that are known to have functioned as open price associations, even if with reference to only a part of the membership or for only a short time, since the date of the McKellar resolution.

LUMBER TRADE ASSOCIATIONS

Closely connected with the open price associations inquiry is that into lumber trade associations, which was initiated by the commission. This latter inquiry was intended to bring down to date previous surveys of the activities of five specific lumber associations operating in the South and West. While the work as planned was practically completed before the close of the year under review , the draft of the report was not in shape for submission to the commission.

GEOGRAPHIC BASES OF PRICE MAKING

On July 27, 1927, the commission directed the chief economist "to inquire into and report upon (1) the factory base method, the basing point method, and the delivered price method of quoting and charging prices (including their respective variations), together with any

other method of differentiating prices with respect to location; (2) the causes for the adoption of the several methods employed and the purposes intended to be served by them; (3) their actual and potential effects upon prices and competitive conditions; and (4) any constructive measures which might be employed to promote greater efficiency, economy, or fairness in the methods of quoting or charging prices."

Information on price making is being gathered through interview and questionnaire and from invoices of manufacturers. In the case of the latter the offices of dealers and manufacturers are visited and the price data transcribed directly from original or duplicate documents.

Progress in the work of this inquiry has been retarded by the prior claims of other inquiries as well as by the negotiations with firms and associations frequently necessary before access to their records would be secured or information requested was furnished. Nevertheless, questionnaires have been received from a considerable proportion of the trade associations covering manufacturing lines and from individual manufacturers in all the more important industries, while invoice records have generally been made available to the commission's agents. This information variously secured is being assembled for further study.

DU PONT INVESTMENTS INQUIRY

On July 29, 1927, the chief economist was directed to institute an inquiry into the acquisition of stock of the United States Steel Corporation and of General Motors by the E I. du Pont de Nemours Co. This inquiry was completed and the report submitted to the commission just after the close of the fiscal year ended June 30, 1928.

Some time after this work was started the Du Pont Co. disposed of its interests in the United States Steel Corporation, which was the principal condition provoking the inquiry. The effects of such intercompany stockholdings were also covered by this study.

Certain phases of the inquiry have been referred to the legal division for further investigation.

CHAIN STORES

On May 3, 1928, the Senate, by Resolution 224, directed the commission to make an investigation of the chain-store system of marketing and distribution. Under the resolution, which is broad in scope. the commission is to ascertain and report on, among other things, the extent, if any, to which consolidations of chain stores have been effected in violation of the antitrust laws and the extent to which such consolidations are susceptible to regulation under the present

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laws; the extent, if any, of control of commodities by chain stores; the existence, if any, of unfair competitive methods, agreements, conspiracies, or combinations in restraint of trade; the advantages or disadvantages of chain-store distribution in comparison with those of other types of distribution as shown by prices, costs, profits, and margins, quality of goods and services rendered by chain stores and other distributors or resulting from integration, managerial efficiency, low overhead, or other similar causes; the parts played in the growth of chains by actual savings in costs of management and operation and quantity prices available only to chain stores, and whether or not such quantity prices constitute a violation of either the Federal Trade Commission act, the Clayton Act, or any other statute. The commission is also to recommend legislation, if deemed needful, in respect to regulation of chain-store distribution and quantity prices.

Work on this inquiry was undertaken shortly after the passage of the resolution. The comprehensiveness of the resolution and the intricacies of the problem, due to the wide ramifications of the chain-store system of distribution, necessitated a thorough canvass of the task to be undertaken. At the close of the fiscal year plans for conducting the active work on the inquiry were being developed.

BLUE-SKY SECURITIES

On July 27, 1927, the commission adopted a resolution, which, after setting forth that, in cases that had come before it, the commission had found inadequate present legislative remedies in respect to so-called blue-sky securities, that the commission had formerly made a general inquiry into the subject, but no report had been published, and the practice of selling worthless securities is an economic evil which should be promptly remedied, if practicable, directed that the chief economist to inquire further into the practice of selling such securities; the legislative, administrative and other methods employed to abate the evil and the results thereof; together with other matters covered by the previous inquiry in order to bring the same up to date; and to report thereupon to the commission.

Work on the foregoing resolution was got well under way in the latter months of 1927, and work in the field was completed early in 1928. Considerable progress has been made in the preparation of text for the report, the completion of which has been delayed owing to the necessity for using as large a number of the commission's force as possible on more urgent work in connection with the power and gas utility investigation ordered by the Senate.

CHIEF COUNSEL

OUTLINE OF PROCEDURE

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

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

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

The commission s rules of practice and procedure provide:

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

(2) In case respondent desires to waive hearing on the charges set forth in the complaint and not to contest the proceeding, the answer may consist of a statement that respondent refrains from contesting the proceeding or that respondent consents that the commission may make, enter, and serve upon respondent an order to cease and desist from the violations of the law alleged in the complaint, or that respondent admits all the allegations of the complaint to be true. Any such answer shall be deemed to be aim admission of all the allegations of the complaint and to authorize the commission to find such allegations to be true.

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

After complaints are issued the chief counsel is charged with the trial or other proper disposition of all cases. In a contested case the matter is set down for the taking of testimony before a trial examiner upon due notice to all parties respondent. After the taking of testimony and the submission of evidence on behalf of the commission.. in support of the complaint, and on behalf of the respondent, the trial examiner prepares a report of the facts for the information of the commission, counsel for the commission, and counsel for the respondent. Exceptions to the trial examiner's report may be made by either counsel for the commission or counsel for the respondent. Within a stated time after receipt of the trial examiner's report briefs are filed and then the case comes on for final argument before the full commission. Thereafter the commission reaches a decision either sustaining the charges of the complaint or dismissing the complaint. If the complaint is sustained, the commission makes a report in which it states its findings as to the facts and conclusion that the law has been violated, and thereupon an order is issued requiring the respondent to cease and desist from such practices. If the complaint is dismissed, an order of dismissal is entered.

Respondents against whom orders to cease and desist have been directed are required within a specified time, usually 60 days, to report in writing the manner in which they are complying with the provisions of the commission's order. If a respondent fails or neglects to obey the order while the same is in effect the commission may apply to a United States circuit court of appeals for enforcement thereof. Respondents may likewise apply to a United States circuit court of appeals for review of the commission's orders, and these proceedings may be carried by either party on certiorari to the Supreme Court of the United States for final determination.

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

SUMMARY OF WORK, 1928

The work. of the export-trade section is reported, at page 94. That of the public utilities investigation is described at page 1. The volume of other work of the chief. counsels office is concisely expressed in the statistical tables to be found on pages 87 to 93 of this report. Complete synopses of complaints disposed of by orders of dismissal or orders to cease and desist entered during the year and all cases pending. at its close will be found in Exhibits 6 and 7, pages 137 and 155.

CHARACTER OF COMPLAINTS

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

All but 5 of the 66 complaints issued during the year charged unfair methods of competition violative of section 5 of the Federal Trade Commission act. Violations of section 7 of the Clayton Act by of capital stock of competing concerns were charged in five complaints. There was one complaint issued charging violation of section. 3 of the Clayton Act (tying contracts). This complaint also includes a charge of violation of section 5 of the Federal Trade Commission act. Violation of section 8 Of the Clayton Act (interlocking directorates) was charged in one complaint, which complaint is among those containing charges of violation, of section 7 of the same act. In one complaint charges were made of violation of section 5 of the Federal Trade Commission act as extended by section 4 of the export trade act. No complaints under section 2 of the Clayton Act (price discrimination) were issued during the past fiscal year.

Herewith are presented brief summaries of the charges contained in a few of the complaints issued by the commission during the past fiscal year. These complaints are fairly representative.[1]

Conspiracy to fix prices--Restraint of trade--Violation of section 5 of the Federal Trade Commission act.--A complaint on this subject was issued by the commission on May 22, 1928, against 55 manufacturers of fire brick and 4 individuals connected with such business. The complaint charges them with entering into an agreement, combination, and conspiracy, and using concerted action among themselves and with others to restrict, restrain, and suppress competition in the sale of fire brick for the purpose and with the intent and effect of unduly enhancing the prices of fire brick and to bring

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

about a substantial uniformity of such prices; that in such concerted action, or pursuant to the alleged combination, agreement, or piracy, respondents (a) established the size of base bricks and fixed the price at which base bricks are to be sold; (b) brought about uniform methods of computing the size of various refractories and the base brick equivalent of such refractories, also uniform terms and methods of sale; (c) hold meetings for the discussion of prices; (d) exchange information as to what prices for base brick from each of the respondents are to be in the future; (e) notify each other of any changes to be made in the prices of base brick and when such prices are to become effective; (f) cooperatively place each of the sizes, kinds, and grades of refractories in definite classes and fix and agree upon the differential or extra in price above the price of the base brick for each of the classes fixed and agreed upon; and (g) adopt and follow these classifications in the sale of their refractories.

The complaint also charges that the effect of said concerted action and/or agreement, combination, and conspiracy is to suppress competition and to restrain trade in the sale and distribution of fire brick and to deny to the public those advantages in price and otherwise which would obtain under conditions of natural and normal competition between and among the respondents.

Answers on behalf of most of the respondents have been filed at the case of the fiscal year, which, in general, deny any violation of law as charged.

Resale price maintenance--Violation of section 5 of the Federal Trade Commission act.--There were three complaints issued during the year charging resale price maintenance as an unfair method of competition. Typical of this character of complaint is the one issued on July 20, 1927, against a manufacturer of a certain widely sold proprietary medicine in which it is alleged that the respondent manufacturer has adopted and is enforcing a system of fixing and maintaining certain specified uniform prices at which the dealers shall sell the product; that in order to prevent dealers from cutting prices or reselling the product at less than the prices established by the respondent manufacturer it employs means substantially as follows: (a) Issues price lists to dealers in which the uniform minimum resale prices established by it are set forth; (b) makes it generally known to the trade that it expects and requires all dealers to maintain and enforce said resale prices; (o) enters into contracts, agreements, understandings, and arrangements with dealers for maintenance by them of such resale prices as a condition to Opening accounts with such dealers or continuing to supply them with the medicine; (d) procures groups of dealers in given localities to agree among themselves and with it to observe and maintain such resale

prices; (e) secures from dealers information and evidence of the failure of other dealers to observe and maintain the fixed resale prices and as to the wholesalers who supply such price-cutting dealers; (f) employs its salesmen and other agents to ascertain and investigate the activities of price-cutting dealers and to procure their adherence to the fixed-price schedule; (g) uses the information procured to coerce price-cutting dealers into observing the fixed prices and the wholesalers to refrain from supplying the medicine to price-cutting dealers; (h) exacts promises and assurances from price-cutting dealers that they will in the future maintain the fixed resale prices and from wholesalers that they will not in the future supply price-cutting dealers; (I) refuses to supply price-cutting dealers unless and until the offending dealer gives satisfactory assurances that they will in the future maintain and observe the fixed prices; (j) refuses to sell to wholesalers who sell to price-cutting dealers unless and until such wholesalers agree to discontinue supplying such price-cutting dealers; (k) in order to check up on the wholesale prices, offers to retailers a special refund on condition that they submit the wholesalers' invoices; and also requests copies of wholesalers' catalogues, circulars, and advertising matter relating to the product.

It is further alleged in the complaint that the direct effect and result of respondent's resale price-maintenance system is to suppress competition in the sale and distribution of its medicine, to constrain dealers to sell its medicine at the fixed prices, and to prevent them from selling it at less prices as they may desire, and to deprive the ultimate purchasers of those advantages in price and otherwise which they would obtain from the natural and unobstructed flow of commerce in said medicine under conditions of free competition, all to the prejudice of the public and in violation of the above-mentioned act.

Respondent filed its answer to the complaint denying the charges of violation of law.[2]

Misrepresentation of furniture--Violation of section 5 of the Federal Trade Commission act.--During the year 12 complaints were issued by the commission against certain manufacturers of furniture charging them with unfair methods of competition in causing their furniture to be represented to dealers and through them to the consuming public, as "walnut," "genuine walnut," "combination walnut," "American walnut," "mahogany and American walnut," "mahogany and gumwood combination," "combination mahogany 5-ply walnut tops, fronts, and ends," "walnut and gumwood," and "genuine mahogany" without disclosing that their furniture is manufac-

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2 The commission on July 26,1928, after trial of the case, Issued findings as to the facts and order to cease and desist.

tured from so-called plywood and that the only walnut or mahogany used in its construction is to be found in the legs, posts, stretchers, rails, and in the exterior ply of the broad or flat parts exposed to view when place in the generally accepted position f or use. It is charged that such description of their furniture or designation of the wood or woods used in its construction in catalogues, price lists, and invoices are adopted by retail dealers in furniture and used by them in selling it to the purchasing public. It appears from the complaints that the broad or flat parts of such furniture consist chiefly of gum-wood, poplar, chestnut, or wood of similar grade, and that the exposed exterior ply of walnut or mahogany is no more than one twenty-eighth of an inch in thickness. The complaints charge that such description of furniture so constructed is an unfair method of competition, because it has the capacity and tendency to mislead and deceive into the purchase of said furniture in the erroneous belief that its broad or flat parts consist entirely of walnut or mahogany.

At the close of the fiscal year answers to most of the complaints had been filed admitting certain allegations but denying in general that the practices of respondent are misleading, deceptive, or unlawful.

At a conference held between representatives of the commission and retail furniture dealers in New York City in November and December, 1925, certain rules regarding the description of furniture were adopted, and on January 7, 1926, approval of these rules was announced by the commission. One of them provides that if wood is veneered on the same wood it may be designated as wood of that particular kind, but if veneered on a different wood it shall be "described as veneered. As the fiscal year closed, approximately 1,000 manufacturers of furniture throughout the United States, not including those against whom these complaints have been issue d, had subscribed their approval of the rules so adopted at the trade-practice conference, and signified their purpose to mark and describe their products accordingly.

DIFFICULTIES OF PROCEDURE IN ENFORCEMENT OF ORDERS OF COMMISSION

Export trade--Violation of section 5 of the Federal Trade Com mission act, as extended by section 4 of the export trade act.--On October 10, 1927, the commission issued a complaint against a firm engaged in the business of exporting apples from the United States to the Argentine. It is alleged in the complaint that the concern, knowingly and contrary to the provisions of the trade-mark law of the Republic of Argentina, registered as its trade-marks in Argentinean the names of a variety of American apples and pears such as "Ben Davis," "Gravenstein," "Spitzenberg," "Jonathan," "Winter Banana," "Rome Beauty," "Winesap," "Flemish Beauty," and

“Beurre d’ Anjou”; that apples and pears have for years been exported to and marketed in the Argentine under such varietal names; that in the year 1925 respondents, well knowing the facts, notified many of their competitors engaged in the export trade in apples and pears to Argentina that all of said varietal names of apples and pears were the property of the respondents and had been registered by them as trade-marks in Argentina, and that they had the right to prevent any barrel or box containing such apples or pears: and bearing any of said names from entering Argentina; that the threatened to hold such competitors responsible for damages for all shipments made by them of such apples and pears to Argentina under any such varietal names. It is also charged in the complaint that these notices and threats have and had the capacity and tendency to and did and do hamper and hinder the lawful business of said competitors in the exportation of apples and pears and their sale in the Republic of Argentina for the reason that said notices and threats cause many competitors to believe that if they so export and sell such apples and pears they will be subjected by respondents to lawsuits and other litigation which respondents threaten. This the complaint charges is to the prejudice and injury of competitors and constitutes unfair methods of competition in export trade prohibited by section 5 of the Federal Trade Commission act as extended by section 4 of the export trade act.

Respondents have not as, yet filed answer to the complaint, but negotiations are pending looking toward a solution of the problem in the interest of all exporters. The commissions rules of practice provide that failure of the respondent to file an answer within the time provided for shall be deemed to be an admission of all allegations of the complaint and to authorize the commission to find them to be true and to waive hearing on the charges set forth in the complaint. In this case the commission has extended the time for filing answer.

ERRATUM

The heading on page 46 of this Annual Report reading “Difficulties of Procedure in Enforcement of Orders of Commission” Should appear on page 77 above Paragraph reading “A vexatious problem of procedure in the enforcement of orders . . .”

Misrepresentation of correspondence-school courses--Violation of section 5 of the Federal Trade Commission act.--Ten complaints have been issued during the year against correspondence schools claiming to give courses of instructions in subjects of various designations, such as "Applied Art," "Fingerprint Work and Secret Service Intelligence," "Physical Voice Culture," "Beauty Culture," "Automotive Engineering," "Music," "Poultry Culture," and "Physical Culture." The complaints in substance charge that the several respondents sell their courses of instructions and induce pupils to enroll and contract for such courses through divers false and misleading representations as to the value of the course, the standing, equipment, faculty, and

accomplishments of the school, etc. Among

the various unfair and unlawful practices charged in the complaints are, in substance, the following: (a) Purporting to grant extra discount or reduction from the regular prices which are. fictitious; (b) falsely claiming that instruction books, instruments, appliances, materials, or equipment furnished with the course are free; (c) falsely representing that the school is a nonprofit organization; (d) falsely purporting to guarantee to pupils positions at high and lucrative compensation or refund tuition fees, etc.; (e) using intimidation and threats of legal proceedings to compel pupils to continue courses be yond their intellectual capacity and to pay tuition charges in full; (f) falsely representing that completion of course of instruction will make pupil an expert qualified for employment as such; (g) falsely claiming that school's "high-school" course qualifies pupils for en-trance to all colleges and universities; (h) publishing fictitious employer advertisements in "help-wanted" columns in order to develop prospective students; (I) falsely claiming to be a university; (j) falsely promising to give pupils life membership in a purported existing organization which in fact is fictitious; (k) making false, extravagant, and fictitious claims as to the principle, its discoverer, value, and accomplishment of a course in voice culture; (l) falsely representing that the course of instruction meets requirements of State laws; and (m) falsely claiming as its graduate famous or successful member of profession.

In their answers to the complaints the respondents admit certain allegations' and deny others, particularly that their representations are false or misleading. Three of the complaints have been disposed of, one by a dismissal because respondent has agreed to abide by certain rules adopted in a trade-practice conference, and the other two by orders directing respondents to cease and desist from making untruthful or misleading representations.

Tying contracts--Violation of section 3 of the Clayton Act and section 5 of the Federal Trade Commission act.--This complaint was issued on May 23, 1928, against the respondent corporation. It alleges that this corporation is the exclusive distributor for radio receiving sets and radio vacuum tubes manufactured by two other dominant corporations and deals in no other; that since about January, 1927, the respondent corporation, together with said two manufacturers, granted, under so-called "License agreements," to approximately 25 manufacturers in the United States of radio receiving sets, the right to manufacture and sell receiving sets under certain of their patents upon certain conditions, one of which is that such licensed manufacturers shall purchase from respondent sufficient vacuum tubes to make the sets so manufactured initially operative; that the patents covering the manufacture of said vacuum tubes had thereto-

fore expired; that the respondent corporation and the licensed manufacturers sell approximately 95 per cent of all radio receiving sets produced in the United States; that the effect of the above-mentioned condition imposed upon such a large number of manufacturers is that, whereas formerly the purchasers of radio receiving sets were supplied with vacuum tubes by dealers, wholesalers, and retailers, from the products of various manufacturers of such tubes sold by them in free competition and kept in stock by said dealers, under said condition of the license agreements said licensed manufacturers must purchase from the respondent corporation all tubes required for the initial operation of the sets and install them in the sets, when sold, as part thereof, so that the manufacturers of other vacuum tubes have no opportunity to compete in the sale of tubes for the equipment of such sets when sold by the manufacturers, as they formerly had; that by force of said provision the sale of vacuum tubes for initial equipment is monopolized by the respondent, and all other producers and sellers of vacuum tubes for radio reception are excluded entirely from the competition for supplying said equipment; that further, such condition tends to and does exclude all other producers and sellers of vacuum tubes from selling their tubes for renewals or replacements in said receiving sets, the purchasers and owners of said sets naturally seeking for replacement the same make of tubes as those installed in the sets as originally purchased, so that dealers in the sets made under said license agreements find it necessary to keep in stock the tubes sold by the respondent to the virtual exclusion of the tubes of other manufacturers. The complaint charges that for the reasons above indicated said license agreements constitute contracts for the sale by respondent of radio vacuum tubes for use, consumption, or resale on the condition, agreement, or understanding that the purchasers of the vacuum tubes shall not use or deal in the vacuum tubes of competitors of the respondent corporation, the effect of which is to substantially lessen and eventually extinguish competition or tend to create a monopoly in respondent in the interstate sale of vacuum tubes, all in violation of both the Clayton Act and the Federal Trade Commission act.

The case is pending upon the complaint and the respondent's answer in which it denies that its practices are in violation of law as charged.

Acquisition of capital stock of competitors--Violation of section 7 of the Clayton Act.--A typical complaint on this subject is the one issued by the commission on March 3, 1928, against a recently organized corporation which acquired the capital stock of two corporations engaged for many years in the manufacture and sale in competition with each other of electrical wiring devices of various types, kinds, and classes. The volume of sales of each of these corporations prior

to the acquisition by respondent is alleged to have been more than $4,000,000 annually. Each of the acquired corporations owned subsidiary manufacturing corporations and operated plants or factories in Philadelphia, PL, Trenton and Washington, N.J., and Hartford, Conn. It is charged in the complaint that the effect of respondent's acquisition and control of the voting power of the capital stock of the two competing corporations may be and is (a) to substantially lessen competition in electrical wiring devices between the corporations whose stock respondent acquired; or (b) to restrain commerce in electrical wiring devices of various types, kinds, and classes in the sections or communities in which such corporations were severally engaged at the time of such acquisition; or (c) to tend to create a monopoly of commerce in such electrical wiring devices, all in violation of the Clayton Act.

At the close of the fiscal year respondent had not yet filed its answer, the usual time therefor having been extended by the commission.

ORDERS TO CEASE AND DESIST

The final expression of the commission, in a case where respondent is found to have violated the law, as alleged, is an order upon such respondent to cease and desist from the particular practices alleged in the complaint. The commission during the year here reported upon issued orders to cease and desist in 47 cases. All of these orders coveted violations of section 5 of the Federal Trade Commission act relating to unfair methods of competition. One was for violation of section 5 of the Federal Trade Commission act as extended by Section 4 of the export trade act. No orders for infraction of the Clayton Act were issued during the fiscal year. As in past years, respondents upon whom the commission served orders to cease and desist have in a great many cases accepted their terms and filed reports with the commission signifying compliance therewith.

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

Orders to Cease and Desist During Year
[For details see Exhibits]

Respondent	Location	Method of competition involved
Always Ready Products Co	Williamsport Pa	False and misleading advertising,
American Snuff Co	Memphis, Tenn	Resale price maintenance; disparagement of competitors' goods; inducing breach of contracts.
Bayak Cigars (Inc.)	Philadelphia, Pa	False and misleading advertising; misbranding.
Bradley & Co., James 3	New York, N.Y.	Misbranding; falsely claiming to be importer.
Bradstreet Inc,.) et al, Hobart	Chicago, Ill	False and misleading advertising; misuse of photographs.
Carey Manufacturing Co. et al	Cincinnati, Ohio	Inducing breach of contracts;

espionage; threats of litigation; disparagement, of Philip. competitors' goods; exclusive dealing contracts.

Orders to Cease and Desist During Year--Continued

Respondent	Location	Method of competition involved
Carlton Soap Co. (Inc.)	New Rochelle, N.Y.	Misbranding; false and misleading advertising.
Chipman Knitting Mills at al	Easton, Pa	False and misleading advertising; misbranding.
Columbia Novelty Co	East Boston, Mass	False and misleading advertising; misrepresenting value of premium
Commonwealth Manufacturing et al.	Chicago, Ill	False and misleading advertising falsely claiming Co. to be manufacturer; misbranding; falsely claiming Government approval.
Crites, J. H. et al	Fort Worth, Tex	False and misleading advertising; misrepresentation in sale of stock.
Dispatch Petroleum Co. et al.	Wichita Falls, Tex	False and misleading advertising; misrepresentation in sale of stock.
Dollar Co Robert	San Francisco, Calif	False and misleading advertising; passing off.
Dwinell-Wright Co	Boston, Mass	Resale price maintenance.
Eagan Manufactory, Dr. et al.	Chicago, Ill	False and misleading advertising.
Eastern Seed Co.	Lancaster, Pa	False and misleading advertising; misrepresenting value of premiums.
Famous Players-Lasky Corporation et al nopoly; booking.	New York, N.Y.	Conspiracy to injure competitors; purchase of stock stock to lessen competition or create a mo- inducing breach of contract; block
Orear College of Automotive Engineering et al	Chicago, Ill	False and misleading advertising; falsely claiming reduced price.
Karnmond Lumber Co	Los Angeles, Calif	False and misleading advertising; passing off.
Herb Juice Medicine Co	Jackson, Tenn	Resale price maintenance; coercion; refusal to sell.
Hewitt Brothers Soap Co	Dayton, Ohio	False and misleading advertising; misbranding.
Hoffman, Henry H., et al	Houston, Tex	False and misleading advertising; misrepresentation in sale of stock.
Household Supply Co. et al sell at	Chicago, Ill	False and misleading advertising; falsely claiming to be manufacturer; falsely claiming to wholesale prices.
Kirschmann Hardwood Co	San Francisco, Calif	False and misleading advertising; passing off.
Kurlan Charles	New York, N.Y.	Misbranding.
Lease Co. (Inc.), Robert M., et al.	Long Island City, Long Island, N. Y	False and misleading advertising; fraud in export trade.
Leitch Manufacturing Co., C.A.	New York, N.Y.	Misbranding.
Marie Antoinette Perle Co.	do	False and misleading advertising; misrepresentation
Marvel Dress Co	Philadelphia, Pa	False and misleading advertising.
McCafferty Sons Manufacturing Co. (Inc.), James A.	Brooklyn, N.Y.	Misbranding; misrepresentation.
Meteor Coal Co	St. Louis, Mo	Misrepresentation; passing off.
Michigan Sample Furniture Co.	Philadelphia, Pa	False and misleading advertising; misrepresentation
Mid-American Oil & Refining Co. et al	Fort Worth, Tex	False and misleading advertising; misrepresentation in sale of stock.
Mills Silver Works et al	New York, N. Y	False and misleading advertising; falsely claiming to be manufacturer.
Morrissey & Co., Charles T.,et.al	Chicago, Ill	Misbranding; false and misleading advertising.
National Fruit Flavor Co.(Inc.).	New Orleans, La	False and misleading advertising.
New York Pharmaceutical Conference (Inc.)	New York, N. Y	Resale price maintenance; coercion; intimidation.
Nustile Hosiery Mills et al.	Philadelphia, Pa	False and misleading advertising; misrepresentation falsely claiming to be manufacturer.
Perryman Investment Co. et al	Houston, Tex	False and misleading advertising; misrepresentation in sale of stock.
Photo-Engravers Board of Trade of New York (Inc.)et al	New York, N. Y	Combination to effect price enhancement and price maintenance.
Photo-Engravers Club of Chicago	Chicago, Ill.	Do.
Public Service Cup Co	Brooklyn, N. Y	Resale price maintenance; coercion; refusal to sell.
Right Way Royalty Syndicate et al	Fort Worth, Tex	False and misleading advertising; misrepresentation in sale of stock.
Roberts & Co., Norman	Chicago Ill	False and misleading advertising.

Roller Oil & Refining Co. (Inc.) et al.	Maxia, Tex	False and misleading advertising; misrepresentation in sale of stock.
School of Applied Art	Battle Creak, Mich.	False and misleading advertising falsely claiming reduction in price; falsely claiming giving of free goods
Shepard, S.F., et al	Chicago, Ill	False and misleading advertising; misrepresentation in sale of stock
Shure Co., N	do	False and misleading advertising; misbranding; fictitious price markings; falsely claiming Government approval.
Smith, Hanford F	Elkhart, Ind	False and misleading advertising; falsely representing equipment, etc.

Orders to Cease and Desist During Year--Continued

Respondent	Location	Method of competition involved
Tampa Cigar Co,	Red Lion, Pa	False and misleading advertising; misbranding, passing off.
Union Woolen Mills Co. et al	Racine, Wis	False and misleading advertising; falsely claiming to be manufacturer.
Washington Cereal Association et al	Seattle, Wash	Combination to suppress competition.
Waterbury Clock Co. et al	Waterbury, Conn	Resale price maintenance; coercion; refusal to sell.
Wholesale Grocers Association of New Orleans et al.	New Orleans, La	Restriction to regular dealers; inducing refusal to sell certain dealers as wholesalers.

A number of representative cases resulting in orders to Cease and desist issued during the fiscal year are described below:

"Philippine Mahogany" cases--Violation of section 5 of the Federal Trade Commission act.--Orders to cease and desist were issued against three hardwood lumber companies in proceedings in which they were charged with the use of unfair methods of competition in that they sold as "Philippine mahogany " lumber from certain trees not mahogany grown in the Philippine Islands but having some of the general characteristics and appearance of mahogany. Upon a stipulation that the evidence taken in certain analogous cases theretofore tried before the commission should be taken as the evidence in these proceedings, the commission found that the Woods sold by respondents as "Philippine mahogany," which are set out by name in the orders to cease and desist, Were not in fact mahogany and the selling of said woods as "Philippine mahogany" was misleading and deceptive to the purchasing public. The orders, entered by the commission on August 16, 197, directed respondents to cease and desist from advertising, describing, or otherwise designating or selling under the terms "mahogany," "Philippine mahogany," or any other term of similar import, woods known under the common or, trade names, "red lauan," "white lauan," "tanguile," "narra," "apitong," "bataan, "lamao," "almon," "orion," "batang," "bagaac," "batak," and "balachacan," or any other wood, lumber, or wood product, unless such Wood or lumber or the wood from which such products are made, is derived from the trees of the mahogany or Meliaceae family.

These are part of a group of similar cases, one of which was by agreement selected as a test case and the commission's order to cease and desist, similar to the foregoing orders, was affirmed upon respondent's petition for review by the United States Circuit Court of Appeals for the Second Circuit. Shortly after the close of the fiscal year the company applied to the Supreme Court for certiorari to review the decision of the lower court.

Blue Sky cases--Violation of section 5 of the Federal Trade Com mission act.--There were eight orders to cease and desist issued during

the year in this class of cases where respondents Were charged in complaints issued by the commission with selling stocks or securities in certain oil development or promotion schemes through and by means of false and misleading representations concerning the property, resources, assets, production, management, or financial condition, etc., of the companies whose stocks or Securities respondents were offering for sale.

These cases had been placed on the commission's suspense calendar pending the determination of certain criminal matters being prosecuted by the Department of Justice and having to do with the misuse of the mails in the sale and distribution of oil stocks and securities. During the past fiscal year the commission's cases were removed from the suspense calendar and brought to conclusion by the issuance, on August 19, 1927, of orders against a number of the respondent companies and individuals directing them to cease and desist from publishing, circulating, or distributing any newspaper, pamphlet, circular, advertisement, or any other written or printed matter in connection with the sale or offering for sale in interstate commerce of stocks or other securities wherein is printed or set forth any false or misleading statement or misrepresentation concerning the promotion, organization character, history, resources, assets, production, earnings, income, dividends, progress, or prospect of any corporation, association, or partnership.

Pacific coast milling industry--Price fixing combination--Violation of section 5 of the Federal Trade Commission act.--A complaint had been issued by the commission against the Washington Cereal Association and the Oregon Cereal and Feed Association, their officers and members, including some 32 individuals and corporations engaged in the flour and feed milling business. Among others, allegations were made of the following acts and practices which the commission found to be true upon respondents' having elected to refrain from contesting the charges: (1) That the respondents manufacture over 75 per cent of the entire amount of flour produced annually in the State of Washington and over 60 per cent of the aggregate amount produced annually in the three States of Washington, Oregon, and Idaho; (2) that respondent associations, their officers, members, and various committees, both among themselves, within their respective organizations and all cooperating together, have been and still are engaged in an unlawful combination and conspiracy affecting the distribution of milled grain between and among the States of Washington, Oregon, Idaho, and other States, and which was entered into with the purpose, intention, and effect of suppressing competition throughout said States and the fixing of uniform prices, price levels, discounts, terms and conditions of sale,

distribution and delivery of milled grain; (3) that, in Carrying out and enforcing their agreements and conspiracy by which they fixed prices and suppressed competition in flour and other grain. products, they engaged in a large number of overt acts and practices as set forth in the commission's findings of fact.

With the exception of the Globe Grain & Milling Co., found to have discontinued its milling business, the order to cease and desist entered October 27, 1927, was issued against all respondents, and they were therein directed by the commission to cease and desist from (1) combining, agreeing, or cooperating among themselves or with others, either through correspondence, association meetings, the secretaries of the said associations, meetings of one or more of them, or otherwise, to fix, maintain, or control uniform prices, discounts, terms and conditions of sale, distribution, and delivery; (2) exchanging in formation among themselves or with others regarding contemplated changes in prices, discounts, terms and conditions of sale, distribution, and delivery; (3) preparing and distributing among themselves or others lists containing uniform prices, discounts, terms and conditions of sale , distribution, and deliver y which have been agreed upon; and (4) agreeing to abide and be governed by the uniform prices, discounts, terms and conditions of sale, distribution , and delivery agreed upon by either association when selling in the territory of that association.

Conspiracy in restraint of trade--Violation of Federal Trade Commission act.--On November 17, 1927, the commission issued an Order to cease and desist. against the Wholesale Grocers' Association of New Orleans, its officers and members, consisting of certain individuals and companies engaged in the wholesale grocery business in the New Orleans territory. The respondents waived bearing and did not contest the charges which the commission thereupon found to be true.

The order directed them to cease and desist from the practices com plained of as follows: (1) From following a common course of action pursuant to any agreement, understanding, combination, or conspiracy among themselves or with others for the purpose or with the effect of lessening competition in the sale of groceries by or through any of the following means or methods, viz: (a) By holding meetings for the interchange of information concerning and the adoption and discussion of plans and measures for carrying out the above-described undertakings or similar undertakings; (b) by notifying manufacturers and producers of groceries or allied, products of; such undertakings and their purpose and effect and by seeking to procure or procuring any manufacturers or producers to abide by such agreements or undertakings or similar agreements or undertakings on the part

of respondents or any of them; (c) seeking by boycotts and by other means of intimidation and coercion to compel manufacturer's and producers of groceries and allied products to Sell the groceries and products in which they respectively deal only to wholesale dealers who are classified by respondents or any of them as so-called regular and legitimate dealers in groceries and allied products, and seeking to confine sales to the members of the respondent association, and also seeking to restrain such manufacturers and producers from selling their respective products to so-called irregular and illegitimate dealers; (d) seeking or Securing the names of so-called irregular or illegitimate dealers in groceries and allied products and reporting the names of such dealers to manufacturers and producers of groceries and allied products and inducing or compelling such manufacturers and producers to cease dealing with or to refuse to deal with such dealers; (e) by espionage at wharves, docks, freight stations and warehouses, and at other places at which merchandise is unloaded, discharged, stored, and delivered , for the purpose of ascertaining sales of groceries and allied products by manufacturers and producers thereof to so-called irregular and illegitimate dealers; and by threats of boycott or by boycotting, seeking to induce manufacturers to refrain from selling or supplying such products to such dealers; and (f) by using any other cooperative, mutual, or individual means to carry out any of said methods or undertakings with the intent or effect of lessening competition in interstate trade or commerce in groceries and allied products.

Misrepresentations--Violation of section 5 of the Federal Trade Commission act.--In connection with the sale of cosmetics, creams, lotions, and other toilet articles, the commission on December 16, 1927, issued an order against the Kling-Gibson Co., of Chicago, and four individuals connected therewith, directing them to cease and desist from certain false, fraudulent, and deceptive practices in which the commission found they were indulging with the intent and purpose of deceiving and defrauding the public; and concerning the charges of which respondents waived hearing. The following are among the practices respondents were directed to discontinue: (1) Making any representations for the purpose, intent, or effect of thereby deceiving, defrauding, or misleading the public; (2) using the name "Dr. Egan," or name or title of any doctor, physician, or medical practitioner, real or fictitious, as having an y connection with their products; (3) falsely representing that any doctor, physician; or medical practitioner is in any way connected with the origin, preparation, or use or sale of any of their products; (4) falsely representing that their products are medicated or have any therapeutical value or effect; (5) falsely representing the curative, restorative, or beautifying effects of such products upon the human

body; (6) falsely representing the existence of a drug or a biological product; (7) falsely representing that respondents are manufacturers or compounders of the products in which they deal or that they own control, or operate a factory or laboratory; and (8) falsely representing the absence of an objectionable ingredient in their products.

Photo-Engraving case--Conspiracy to fix and enhance prices--Violation of section 5 of the Federal Trade Commission act.--This case is of national scope in which were named as respondents (1) the American Photo-Engravers' Association, a trade association of the manufacturing and commercial photo-engravers and the national organization for some 31 local photo-engravers' associations or clubs the members of which produced from 75 per cent to 90 per cent of the total output of photo-engravings in the United States; and (2) the International Photo-Engravers' Union of North America, with which over 90 per cent of the workmen in the industry in the United States are affiliated and organized into some 75 local unions, also named parties respondent.

In the complaint of the commission the employers operating through their local and national associations and the employees operating through their unions were charged with combining, conspiring, confederating, and agreeing together to adopt, maintain, and enforce a scale of uniform and enhanced prices for the sale of photo-engraving products and to limit, lessen, hinder, and suppress competition in such products. After full trial, in which some 3,500 pages of oral testimony and 339 documentary exhibits were received in evidence, the commission issued its findings of fact and thereupon dismissed the complaint as to the unions but entered an order against the American Photo-Engravers' Association and the local or sectional organizations thereof directing them to cease and desist from combining, conspiring, confederating, cooperating, or agreeing together or with others for the purpose or with the result of limiting, lessening, hindering, regulating, or suppressing competition as to price In the sale of photo-engraving products, or as to any process, operation, or time element in such products, or of enhancing the prices of photo-engraving products sold in interstate commerce; and for such purpose, from coercing, intimidating, or preventing any manufacturers of such products from individually and freely making such prices for their products as the free exercise of their individual judgment shall direct, and from preventing such manufacturers from competing in price among themselves or with others engaged in the same business. It is also provided in the order that for the purpose of carrying it into effect these respondents shall cease and desist from certain practices, some of which are as follows: (a) Agreeing upon or using the so-called standard price scale or similar device as a means for hindering, lessening, or curtailing price com-

petition; (b) from seeking, advocating, or making any agreement or understanding that members of a club or association or individual photo-engravers of one locality or section shall not sell their products at prices lower than the customary agreed or understood price in any territory where sales are to be made; also from advocating and declaring that it is unethical or unbusinesslike or remiss or negligent for a photo-engraver located in one locality or section to compete in price or otherwise with one or more photo-engravers in any other section or locality; (c) using any device, contract, provision, mutual understanding, or other means with unions or otherwise as a means for inducing or compelling any photo-engraving concern to adhere to certain prices or minimum prices for photo-engraving products; (d) from reprimanding, fining, suspending, or expelling from any employer organization any member for competing in price or failing to live up to any uniform price understanding; (e) from asserting or using the privilege to inspect books of accounts of any photo-engraver for the purpose of obtaining evidence of price cutting or failure to abide by uniform price understandings; and (f) from holding estimating classes for the purpose of securing uniform price understandings.

Motion-Picture case--Restraint of trade--Violation of section 5 of the Federal Trade Commission act.--In this case respondents were charged in the complaint of the commission with having entered into a combination and conspiracy to secure control of and monopolize the motion-picture industry and to restrain, restrict, and suppress competition in the distribution of motion-picture films. Hearings were held at numerous points throughout the United States at which over 17,000 pages of testimony and 728 documentary exhibits were received in evidence. After reviewing briefs and hearing oral argument the commission on July 9, 1927, made its findings as to the facts . and issued an order against certain of the respondents, namely, the Famous Players-Lasky Corporation, Adolph Zukor, and Jesse L Lasky, their agents and representatives, directing them to cease and desist substantially as follows: (1) From continuing in force or attempting to carry into effect the conspiracy (which the commission found they had entered into) for the purpose of lessening and restricting competition in foreign or domestic commerce; (2) in the business of producing, distributing, and exhibiting motion-picture films, from leasing and distributing such films by so-called block-booking, a system by which motion-picture films are supplied or offered to theaters or exhibitors in a group or "block," the exhibitor or theater to book all the films in the group or "block" or be permitted to book none; and (3) from building or acquiring, or threatening so to do, any theaters for the purpose or with the intent or effect of intimidating or coercing exhibitors of motion-picture films to lease

or book and exhibit motion-picture films of the Famous Players-Lasky Corporation.

Shortly after the close of the fiscal year the commission filed in the United States Circuit of Appeals for the Second Circuit its petition: to enforce the order to cease and desist, in which petition it alleged that the above-named respondents have failed and neglected to obey the order, and have continued and are continuing to violate the terms thereof. This petition is now pending in court.

Export trade--Violation of section 5 of the Federal Trade Com mission act as extended by the export trade act.--Complaint had been issued by the commission against a number of individuals and corporations of New York, engaged in the business of exporting auto mobiles, trucks, and auto parts, in which they were charged with using certain unfair methods of competition in export trade. Upon hearing of the charges the commission found that seven of the respondents had been indulging in the unfair practices as alleged, and on March 3, 1927, directed them and their agents and representatives to cease and desist from pursuing or continuing the unfair methods of competition in export trade for the purpose or with the effect of injuring the public and competitors and bringing into disrepute the export trade of the United States by any of the following methods: (1) Representing themselves as willing and able or promising to furnish for export trade automobiles, motor trucks, or chassis as and for new, complete, and fully equipped machines with standard parts, when they are not properly equipped or do not intend to furnish such machines or parts in accordance with their representations and undertakings; (2) promising or representing themselves as willing and able to furnish in export trade automobiles, motor trucks or chassis as and for new, complete, and fully equipped machines with standard parts, when they are not properly equipped or do not intend to furnish such machines or parts in accordance with their representations and undertakings; (3) demanding or exacting payments in advance of receipt or opportunity for full inspection by purchasers of the merchandise furnished or conducting their export trade in any manner as to cause such demands to be made without opportunity for inspection when and if such merchandise so furnished in export trade is not in exact accordance with their representations and undertakings; and (4) conducting their export trade by any similar means or methods as to tend to prejudice the public and competitors and others engaged in American export trade.

METHODS OF COMPETITION CONDEMNED

The following list shows unfair methods of competition and Clayton Act violations which have from time to time been con-

demned by the commission and prohibited by orders to cease and desist:

Misbranding of fabrics and other commodities respecting the materials or ingredients of which they are composed, their quality, origin, or source.

Adulteration of commodities, misrepresenting them as pure, or selling them under such names and circumstances that the purchaser would be misled Into believing them to be pure.

Bribery of buyers or other employees of customers and prospective customers to secure new customers or induce continuation of patronage.

Making unduly large contributions of money to associations of customers.

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

Procuring breach of competitor's contracts for the sale of products by misrepresentation or by other means.

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

Making false or disparaging statements respecting competitors' products, their business, financial credit, etc.

The use of false or misleading advertisements.

Making vague and indefinite threats of patent-infringement suits against the trade generally, the threats being couched in such general language as not to convey a clear idea of the rights alleged to be infringed, but, nevertheless, causing uneasiness and fear in the trade.

Widespread threats to the trade of suits for patent infringement arising from the sale of alleged infringing products of competitors, such threats not being made in good faith but for the purpose of intimidating the trade.

False claims to patent, trade-mark, or other rights or misrepresenting the scope thereof; appropriating and using trade-marks wrongfully.

Intimidation for the purpose of accomplishing enforced dealing by falsely charging disloyalty to the Government

Tampering with and misadjusting the machines sold by competitors for the purpose of discrediting them with purchaser.

Trade boycotts or combinations of traders to prevent certain wholesale or retail dealers or certain classes of such dealers from procuring goods or goods at the same terms accorded to the boycotters or conspirators, or to coerce the trade policy of their competitors or of manufacturers from whom they buy.

Passing off of products, facilities, or business of one manufacturer or dealer for those of another by imitation of product, dress of goods, or by simulation or appropriation of advertising or of corporate or trade names, or of places of business, and passing off by a manufacturer of an inferior product for a superior product theretofore made, advertised, and sold by him

Unauthorized appropriation of the results of a competitor's ingenuity, labor, and expense, thereby avoiding costs otherwise necessarily involved in production.

Preventing competitors from procuring 'advertising space in newspapers or periodicals by misrepresenting their standing or other misrepresentation calculated to prejudice advertising mediums against them.

Misrepresentation in the sale of stock of corporations.

Selling rebuilt machines of various descriptions, rebuilt automobile tires, and old motion-

picture films slightly changed and renamed as and for new products.

Harassing competitors by requests, not In good faith, for estimates on bills of goods, for catalogues, etc.

Giving away of goods In large quantities to hamper and embarrass small competitors and selling goods at cost to accomplish the same purpose.

Sales of goods at cost, coupled with statements misleading the public into the belief that they are sold at a profit.

Bidding up the prices of raw materials to a point where the business is unprofitable for the purpose of driving out financially weaker competitors.

The use by monopolistic concerns of concealed subsidiaries for carrying on their business, such concerns being held out as not connected with the controlling company.

Intentional appropriation or converting to one's own use of raw materials of competitors by diverting shipments.

Giving and offering to give premiums of unequal value, the particular premiums received to be determined by lot or chance, thus in effect setting up a lottery.

Schemes and devices for compelling wholesalers and retailers to maintain resale prices on products fixed by the manufacturer.

Combinations of competitors to enhance prices, maintain prices, bring about substantial uniformity in prices, or to divide territory or business, or to put a competitor out of business, or to close a market to competitors.

Acquiring stock of another corporation or corporations where the effect may be to substantially lessen competition, restrain commerce, or tend to create a monopoly.

Various schemes to create the impression in the mind of the prospective customer that he is being offered an opportunity to make a purchase under unusually favorable conditions when such is not the case, such as--

(1) Sales plans in which the seller's usual price is falsely represented as a special reduced price made available on some pretext for a limited time or to a limited class only.

(2) The use of the "free" goods or service device to create the false impression that something is actually being thrown in without charge, when, as a matter of fact, fully covered by the amount exacted in the transaction taken as a whole.

(3) Sales of goods in combination lots of with abnormally low figures assigned to staples the prices of which are well known and correspondingly highly compensating prices assigned to staples the cost of which is not well known.

(4) Sale of ordinary commercial merchandise at usual prices and profits as pretended Government war surplus offered at a bargain.

(5) Use of misleading trade names calculated to create the impression that a dealer is a manufacturer selling directly to the consumer with corresponding savings.

(6) Plans ostensibly based on chance or services to be rendered by the prospective customer whereby he may be able to secure goods contracted for at particularly low prices or without completing all the payments undertaken by him, when, as a matter of fact, such plans are not carried out as represented and are a mere lure to secure his business.

(7) Use of pretended exaggerated retail prices in connection with or upon the containers of commodities intended to be sold as bargains at lower figures.

(8) Falsely claiming forced sale of stock, . with resulting forced price concessions, when, as a matter of fact, there is mingled the customary stock inferior goods, and other methods are employed so that no such concessions are in fact accorded.

Seeking to cut off and hamper competitors in marketing their products through destroying or removing their sales display and advertising mediums.

Discriminating in price, with the effect of substantially lessening competition.

Subsidizing public officials or employees through employing them or their relatives under such circumstances as to enlist their interests in situations In which they will be called upon by virtue of their official position to act officially, making unauthorized changes in proposed municipal bond issues, corrupting public officials or employees and forging their signatures, and using numerous other grossly fraudulent, coercive, and oppressive practices in dealing with small municipalities.

Suggesting to prospective customers the use of specific, unfair, and dishonorable practices directed at competitors of the seller.

Imitating or using standard containers customarily associated in the mind of the general purchasing public with standard weights of the product therein contained, to sell to said public such commodity in weights less than the afore-mentioned standard weights.

Concealing business identity in connection with the marketing of one's product, or misrepresenting the seller's relation to others--e. g., claiming falsely to be the agent or employee of some other concern, or failing to disclose the termination of such a relationship in soliciting customers of such concern, etc.

Misrepresenting in various ways the advantages to the prospective customer of dealing with the seller, such as:

(1) Seller's alleged advantages of location or size.

(2) False claims of being the authorized distributor of some concern.

(3) Alleged indorsement of the concern or product by the Government or by nationally known businesses.

(4) False claim by a dealer in domestic products of being an importer, or by a dealer of being a manufacturer, or by a manufacturer of some product of being also the manufacturer of the raw material entering into said product.

(5) False claim of "no extra charge for credit."

(6) Being manufacturer's representative and outlet for surplus stock sold at a sacrifice, etc.

Tying or exclusive contracts, leases, or dealings in which, In consideration of the granting of certain rebates or refunds to the customer, or the right to use certain patented equipment, etc., the customer binds himself to deal only In the products of the seller or lessor.

Showing and selling prospective customers articles not conforming to those advertised, in response to inquiries, without so stating.

Direct misrepresentation of the composition, nature, or qualities of the product offered and sold.

Use by business concerns associated as trade organizations or otherwise of methods which result or are calculated to result in the observance of uniform prices or practices for the products dealt in by them with consequent restraint or elimination of competition, such as use of various kinds of so-called standard cost systems, price lists or guides, exchange of trade information, etc.

Securing business through undertakings not carried out and through dishonest and oppressive devices calculated to entrap and coerce the customer or prospective customer, such as:

(1) Securing prospective customer's signature by deceit to a contract and promissory note represented as simply an order on approval, securing agents to distribute the seller's products through promising to refund the money paid

by them should the product prove unsatisfactory, and through other undertakings not carried out.

(2) Securing business by advertising a “free trial" offer proposition, when, as a matter of fact, only a "money back "opportunity is offered the prospective customer, etc

Giving products misleading names so as to give them a value to the purchasing public or to a part thereof which they would not otherwise possess, such as:

(1) Names Implying falsely that the particular products so named were made for the Government or in accordance with its specifications and of corresponding quality, or are connected with it in some way, or in some way have been passed upon, inspected, underwritten, or indorsed by it.

(2) That they are composed in whole or in part of ingredients or materials respectively contained only to a limited extent or not at all.

(3) That they were made in or came from some locality famous for the quality of such products.

(4) That they were made by some well and favorably known process, when. as a matter of fact, only made in imitation of and by a substitute for such process.

(5) That they have been inspected, passed, or approved after meeting the tests of some official organization charged with the duty of making such tests expertly and disinterestedly or giving such approval.

(6) That they were made under conditions or circumstances considered of Importance by a substantial fraction of the general purchasing public, etc.

Interfering with established methods of securing supplies in different businesses in order to hamper or obstruct competitors in securing their supplies.

COURT CASES

Application may be made by the commission to the United States circuit courts of appeals to enforce its order to cease and desist, or the respondent may petition the Court to have the order set aside The number of court proceedings in which the commission has been involved during the year, as well as a cumulative showing of this work throughout the commission’s life, will be found in the statistical tables on pages 87 to 93 of this report., From these it will be noted that the commission has issued 851 (net) orders to cease and desist, and petitions to review these orders have been filed in only 75 cases. The United States Circuit Court of Appeals decided 30 of these cases in favor of the commission and 35 against. In 5 of these cases the commission was sustained by the Supreme Court, of the United States.

Since its creation the commission has applied to the United States circuit courts of appeals for enforcement of its order to cease and desist in a total of 11 cases; of these 3 have been decided in favor of and none against the commission; 2 petitions by the commission were denied; 3 are still pending; and in three cases the applications for enforcement have been withdrawn.

The pages immediately following contain brief descriptions of cases in the courts during the year.

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

Indiana Quartered Oak Co--Misrepresentation in the sale of wood in violation of section 5.--The commission's order in this, a test case, directed the respondent; and its officers, directors, agents, employees, and successors to cease and desist from advertising, describing, or otherwise designating or selling or offering for sale under the term "mahogany," Philippine mahogany," or any other term of similar import, woods known under the common or trade names, "red lauan, "white lauan," "tanguile," "narra," "apitong," "bataan," "lamao," " Orion," "almon," "batang," "bagaac," "batak," and "balachacan," or any other wood, lumber, or wood products, unless such wood or lumber, or the wood from which such products are made, is derived from the trees of the mahogany or Meliaceae family.

By agreement, the company filed with the second circuit its petition to review and set aside the order on October 14, 1927. Briefs were filed, not only on behalf of the immediate parties but by the Philippine government, the National Better Business Bureau, the National Hardwood Lumber Association, and the National Association of Engine and Boat Manufacturers. The case was argued on the merits on April 19 and 20, 1928, and decided in favor of the commission on May 14, 1928, the court using the following language (26 F. (2d) 840):

> It was the petitioner's advertising of lauan and tanguile woods as "Philippine mahogany" that has worked deception upon the public. Purchasers from petitioner have relied upon its representations and have sold the products made from these Philippine woods as mahogany. Mahogany wood has had a long-established reputation; deception on the public in the sale of inferior woods which are not true mahogany (which deception reaches the ultimate purchaser, even though the intermediate customers knew that the woods were not mahogany) is an unfair method of competition in commerce under section 5 of the Trade Commission act.
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> It was not necessary for the commission to establish intent to deceive the purchasing public. For the test of unfair competition was whether the natural and probable result of the use by the petitioner of such woods was deceptive to the ordinary purchaser and made him purchase that which he did not intend to buy.

On July 26 the company filed with the Supreme Court of the United States its petition for certiorari. This was denied October 15, 1928.

The Western Meat Co. case-Stock acquisition in violation of section 7 of the Clayton Act.--This case has been discussed at length in previous reports. Briefly, the commission's order directed the company to so divest itself of all capital stock of the Nevada Packing

Co., a competing concern, as to include in such divestment the latter company's plant and all property necessary to the conduct and operation thereof as a complete, going packing plant and organization, and so as to neither directly nor indirectly retain any of the fruits of the acquisition of the capital stock of said Nevada Packing Co. The Court of Appeals for the Ninth Circuit held that this order went beyond the commission's authority and directed that it be modified by eliminating the injunction against the acquisition by the Western Meat Co. of the plant and property of the Nevada Packing Co. (4 Fed. (2d) 223). The Supreme Court of the United States, however, took the position that the commission's order must be construed with regard to the existing circumstances; that divestment of stock must be actual and complete and could not be effected, as counsel for respondent admitted was intended, by using the control resulting there-from to secure title to the possessions of the Nevada Packing Co., and then to dissolve it; that, properly understood, the order was within the commission's authority and that the court below erred in directing the elimination therefrom of the injunction referred to (272 U.S. 554). The final decree of the Court of Appeals, based on the mandate of the Supreme Court, allowed the Western Meat Co. six months, or until November 2, 1927, to submit to the commission a report showing how its order had been carried out. The company petitioned for an amendment of the decree which would allow it 60 days' additional time for filing the report, and the court on November 14 granted this extension. Two additional extensions have been allowed by the court, the last one running until September 15, 1928, and with the provision that there will be no further extensions.

The Procter & Gamble Co. case--False advertising and misbranding soap.--The Procter & Gamble Co. manufactures soap, some of which it advertises and sells as "P. & G. White Naphtha Soap." It also manufactures and sells a washing powder under the name of "Star Naphtha Washing Powder." The commission alleged that at the time such soap and powder are sold to the consuming public they contain no naphtha nor any petroleum distillate in any amount sufficient to be effective as a cleansing ingredient.

After hearing, the commission ordered the company to cease using the word "Naphtha" as a brand name for any soap or soap products when such commodities at the time of their sale to the consuming public contain kerosene and no other petroleum distillate , or no naphtha, or naphtha in an amount of 1 per cent or less by weight.

The company, on August 28, 1924, petitioned the Circuit Court of Appeals for the Sixth Circuit to review the commission's order. On January 5, 1926, the court rendered its decision, sustaining the first section of the order, prohibiting the use of the word "Naphtha" as

a designation for a kerosene ingredient of soap. It, however, vacated the remaining part of the order, which prohibited the use of the word "Naphtha" on soap containing not more than 1 per cent of naphtha (a volatile ingredient) at the time of sale to the consumer, indicating that the order Should have been directed to the naphtha content to be placed in the soap at the time of manufacture. The decision left the commission free to enter such further order with respect to the amount of naphtha which should be placed in the soap at the time of manufacture as investigation should determine to be necessary. (11 F. (2d) 47.) Thereafter both parties filed petitions for rehearsing, which were denied on April 7, 1920. The Procter & Gamble Co. then filed a petition in the Supreme Court of the United States for certiorari, to which the commission filed a cross petition likewise praying for certiorari because, among other things, it was its contention that the regulation of the amount of naphtha to be placed in the product at the time of manufacture, as the circuit court of appeals indicated, was not for the Federal Government to determine.

The Supreme Court denied these petitions on October 25, 1926. (273 U. S. 717, 718.) Subsequently extensive investigation has been conducted by the commission to determine the amount of naphtha necessary to put in the soap at the time of manufacture so that there will be more than 1 per cent in the product when it is marketed in the usual time as shown by experience. The results of this investigation will be considered by the commission in determining whether a further order shall be issued fixing the amount of naphtha to be put in at time of manufacture.

Arkansas Wholesale Grocers' Association--Combination and conspiracy to lessen competition in groceries--Violation of section 5 of the Federal Trade Commission act.--On July 13, 1926, this association filed, in the United States Circuit Court of Appeals for the Eighth Circuit, a petition for review of an order entered by the commission May 15 of that year, by which the association, and its officers and members, and their agents, representatives, and employees, were directed to cease and desist from following a common course of action pursuant to mutual understanding, combination, agreement, or conspiracy, for the purpose, or with the effect, directly or indirectly, of lessening competition in the course of trade in groceries or allied products, or any of them, entering the State of Arkansas from other States: (1) By ceasing to deal, or to deal less extensively than otherwise, with one or more manufacturers, producers, brokers, or other agents representing any manufacturer or producer, on the ground or for the reason that such manufacturers, producers, brokers, or agents sell their goods direct to chain stores, so-called cooperatives , or retailers in the grocery trade, at prices

lower than those at which retailers can purchase said goods in the same territory from wholesale grocers in the ordinary course of trade; (2) by advocating the said common course of action outlined in paragraph (1) foregoing, in bulletins, news-letters or correspondence, or at meetings; (3) by threats, oral or in writing, express or implied, directed to any manufacturer, producer , broker, or manufacturers' agent for the purpose or with the effect of inducing, persuading, or constraining such manufacturer, producer, broker, or agent to cease to sell or diminish his sales to chain stores, so-called cooperatives or retailers, at prices lower than those at which retailers can purchase said goods in the same territory from wholesale grocers in the ordinary course of business; (4) by urging a common course of action by manufacturers, respondents, independent wholesale grocers, and retailers to defeat the sales policy of manufacturers selling indiscriminately to jobbers and retailers as an encouragement to trading exclusively through jobbers and as a discouragement to trading with manufacturers who do not distribute exclusively through jobbers; (5) by cooperatively soliciting assurances from manufacturers that they will remain loyal to the association's contention that it is improper and illegitimate for manufacturers to sell both jobbers and retailers, and by giving assurances on the part of the association to such manufacturers of special selling effort in re-turn for or on account of said loyalty; (6) by circulating among the members, nonmembers, wholesale grocers, and retailers , statements from members advocating the practice of selling exclusively or chiefly through wholesale grocers, or circulating, as aforesaid, communications from other sources urging united action in favor of following the channels of trade from the manufacturer to the wholesaler, thence to the retailer and thence to the consumer , to the exclusion of any other channel of distribution in the grocery trade; (7) by recommending or procuring the circulation of scurrilous or defamatory attacks on manufacturers or producers or their representatives who sell direct to chain stores, cooperatives, or retailers; (8) by obtaining the cooperation of the Little Rock or any other retail grocers' organization or its members to the end that retail grocers cease to sell to the public, either wholly or in so far as practicable, the merchandise of manufacturers, producers, or their brokers who sell direct to chain stores, so-called cooperatives, or other retailers at prices described in paragraph (1) set out above; or by concertedly advocating in bulletins, news-letters or correspondence, or at meetings that the retailers carry out the said common course of action, with the purpose or effect of destroying or lessening the movement of the grocery products affected into Arkansas through respondents to retail customers.

Briefs were filed and the ease was argued before the court on January 14, 1927. The association's principal contention was that the Federal Trade Commission act under which "the findings of the commission as to the facts, if supported by testimony, shall be conclusive" was contrary to sections 1 and 2 of article 3 of the Constitution as an invasion of the judicial powers exclusively vested in the courts. It also contended that the facts as found by the cornmission were not representative of the preponderance of the evidence; that there was no evidence of the collusion of the members of the association in procuring manufacturers, producers, or their representatives to refuse to sell to chain stores, cooperatives, and retailers.

The court, however, on April 5, 1927, unanimously affirmed the commission's order in every respect. In upholding the constitutionality of the Federal Trade Commission act, it used the following language: "We think the question can not now be regarded an open one." (18 F. (2d) 866.)

The association petitioned the Supreme Court for a writ of certiorari; this was opposed by the commission and was, on October 17, 1927, denied. (48 Sup. Ct. 30-2.)

J. W. Kobi Co.--Resale price maintenance.--On April 6, 1927, this company filed in the United States Circuit Court of Appeals, Second Circuit, its petition to review an order entered by the commission June 18, 1926, by which it was directed to cease and desist from carrying into effect its policy of securing the maintenance of resale prices for its hair dressing known as "Golden Glint Shampoo" and "Golden Glint Powder" through cooperative methods, (1) by seeking or securing or entering into contracts, agreements, or understandings with customers or prospective customers that they will maintain the resale prices designated by it; (2) by soliciting customers to report the names of other customers who fail to observe such resale prices; (3) by utilizing any other equivalent cooperative means of accomplishing the maintenance of such resale prices. The company also filed a motion asking the court to direct the commission to certify as part of the proceedings the trial examiner s report and exceptions of petitioner. This motion was denied by the court in order entered June 13, 1927.

The case was argued on the merits on November 21-22, 1927, and decided in favor of the commission on December 12 of that year. The court said:

> What was proven here established offenses of agreements or understanding either in obtaining, directly or indirectly, from its customers promises or assurances that the prices fixed by the petitioner would be observed by such dealers and entering into contracts with the understanding that the petitioners' products would be resold by the dealers at prices specified or fixed by the

petitioner. There was also a method employed in reporting on price cutters and a continuous request of dealers and Jobbers to report the competitors who did not observe the resale prices suggested by the petitioner and a threat to refuse sales to dealers so reported on. These practices were offensive to the act and warrant the order entered below. (23 F. (2d) 41.)

The B. Paul (Paul Balme) case--Simulation of trade name and dress of goods.--The commission, on June 17, 1927, filed with the Circuit Court of Appeals for the Second Circuit (New York City) an application for the enforcement of its order entered April 14, 1922, against Paul Balme, trading under the name and style of B. Paul, by which the respondent was directed to cease and desist from (1) certain practices which tended to confuse and mislead the 'public into believing that the henna hair dye manufactured by it was the one and the same as that of a competitor, viz, the use of the trade name," Henna D'Oreal," in imitation of a competitor's "L'Oreal Henne"; the packing of its product in containers similar in size, shape, and color to those used by a competitor; by the simulation of labels on said containers; and (2) certain false and misleading advertising.

After briefs and argument, the court, on January 9, 1928, unanimously affirmed the validity of the commission's order (23 F. (2d) 615), saying:

> The order of the Federal Trade Commission adjudging the respondent guilty of unfair competition is affirmed; the question of the present violation of section 5, for which enforcement is asked by the petition to this court, is referred to the Federal Trade Commission, with opportunity for the respondent to answer and submit proof, and with directions to the commission to report its conclusions to this court.

The decision, rendered as it was in connection with the commission's first application for enforcement coming on for hearing before the second circuit, is important from the standpoint of practice. The court took a position directly contrary to that of the seventh circuit in the Standard Education Society case (infra p.--), saying:

> Manifestly, it is very apparent that the question of violation of the commission's order would not be involved until a valid order was recognized by this court after having acquired Jurisdiction. Therefore, we must first examine the proceeding before the commission and determine whether there has been a violation of the law. Until then, no good purpose can be served by determining disputed questions of fact as to a violation of the order.

After the respondent Balme had answered, he applied to the Supreme Court of the United States for a writ of certiorari. This, however, was denied on May 21, 1928 (48 Sup. Ct. 560). During July and August, testimony was taken before an examiner of the commission at New York City and Philadelphia with reference to violations of the order.

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

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

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

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

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

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

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

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

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

On May 31, 1928, the company filed with the court its motion to have the commission's complaint adjudged insufficient in law, and to have the order made pursuant thereto set aside. Both sides filed briefs, and the court , after argument on June 28, on the same day denied the motion. The matter now awaits briefing and argument on the merits. It will probably be reached the early part of the October term.

Paramount Famous Lasky Corporation.--As noted more fully elsewhere in this report (pp.37, 38), the commission, on July 9, 1927, entered its order to cease and desist in this proceeding, which, briefly, was directed against a conspiracy in restraint of trade in the business of producing, distributing, and exhibiting motion-picture films, against the practice of "block booking" of motion-picture films, and the acquisition of theater buildings for the purpose of intimidating or coercing exhibitors of motion-picture films to lease and exhibit films produced by respondents.

The respondents having failed and neglected to obey the order, the commission, on August 1, 1928, filed with the Circuit Court of Appeals for the Second Circuit (New York City) its application for enforcement.

Bayuk Cigars (Inc.)--Misbranding--False and misleading advertising.--This case was instituted by the corporation of this name,

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

After briefs had been filed, the case was argued before the third circuit (Philadelphia) on May 31, 1928. A decision is expected at the October, 1928, term of court.

Philip Carey Manufacturing Co.--Disparagement of competitors.--A petition for review was filed by the corporation of this name, with the Circuit Court of Appeals for the Sixth Circuit (Cincinnati) on September 13, 1927. It asked that the order entered by the commission on August 4 of that year be reviewed and set aside.

The order in question directed the company, in connection with its business of manufacturing and selling asphalt paving blocks in interstate commerce, to cease and desist from, directly or indirectly--

1. Employing or using any system of espionage whereby officers, agents, or employees of respondent corporations, or either of them, obtain or seek to obtain information as to the facilities, capacities, operations, or customers of any competitor;

2. Circulating, representing, or publishing, or causing to be circulated, represented, or published among purchasers or prospective purchasers of preformed bituminous-expansion Joint, any false, deceptive, or misleading statement concerning the ability of any competitor to fill orders or make deliveries;

3. Circulating, representing, or publishing, or causing to be circulated, represented, or published among purchasers or prospective purchasers of preformed bituminous expansion Joint any false, deceptive, or misleading statement of or concerning the acceptableness or adaptability for the use intended of the product of any competitor;

4. Circulating, representing, or publishing, or causing to be circulated, rep resented, or published, among purchasers or prospective purchasers of pre formed bituminous expansion Joint any false, deceptive, or misleading statement concerning the financial standing, the business, or business methods of any competitor.

Briefs were filed, and the case was argued on the merits on May 18, 1928.- The commission's order was reversed November 12, 1928.

The Utah-Idaho Sugar Co. case--Suppression of competition in the manufacture and gale of beet sugar.--The respondents in this ease, namely, the Utah-Idaho Co., the Amalgamated Sugar Co., E R. Wooley, A. P. Cooper, and E F. Cullen, were charged by the commission with stifling and suppressing competition in the purchase of sugar beets in the manufacture and sale of refined beet. sugar by means of a combination or conspiracy, involving, among others, the following unfair trade practices:

(1) The circulation of false, misleading, and unfair reports as to competitors and prospective competitors; (a) concerning financial standing and responsibility; (b) that they would be unable to secure sugar-beet seed or the beets or to pay for those they did purchase; (c) that their contemplated factories would not be built, etc.

(2) The circulation of false reports to the elect that respondents (a) occupied all the producing territory in which their competitors. contemplated operating; (b) had contracts for all the beets to be grown, etc.

The commission after very extensive hearings dismissed the complaint as to the respondent E F. Cullen and entered its order to cease and desist against the other respondents. The respondents filed petitions for review in the Circuit Court of Appeals for the Eighth Circuit.

After briefs and argument, this court, on October 21, 1927, reversed the commission's order, holding that the facts found by the commission presented a situation over which it had no jurisdiction, and that it was without authority to make the restraining order. (22 F. (2d) 122.) The following extracts from the opinion are pertinent:

> In this ease the respondents are engaged in the manufacture and sale of beet sugar. The sugar is sold In interstate commerce. The manufacture is intrastate. This proceeding is based on section 5 of the Federal Trade Commission act, which declares unlawful unfair methods of competition in commerce. The fact that respondents are engaged in commerce in selling sugar produced has no bearing on the case, for the reason that the proof does not show any acts of unfair competition in such product. The fact that a respondent is engaged in commerce is not material unless the acts charged have to do with such commerce or that of its competitors in such commerce. The acts to which the proof is directed are concerning only the manufacture. The manufacture of sugar from beets is somewhat peculiar in that it is necessary to have the factory located where beets may readily he obtained by short haul. It is not profitable to ship the beets a great distance to the factory. The acts to which the proof is directed consisted in the effort of respondents to prevent competing factories being located in contiguous territory where they might absorb a part of the supply of beets to respondents' factories. It was at most a prevention of competition in the purchase of the raw material for manufacture within the State, and in no case does the proof show an interference with the transport of beets from one State to another or an interference with the purchase thereof.
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> In the present case there is no commerce to obstruct until the beets are manufactured into sugar and such sugar has been placed in transport. The argument is, however, as stated above, that the acts here cut off at the source such commerce. It Is only such acts as directly Interfere with commerce which come under the Federal jurisdiction. The line must be drawn somewhere, else all jurisdiction in trade or production would become Federal. Hence Congress has not jurisdiction of such acts as only indirectly or remotely affect commerce. In the instant case if interference with the production and manufacture into sugar of beets is an obstruction to a later or unborn commerce in sugar to be made from the beets, one who intrastate sold defective beet seed, thus preventing the production of beets to be manufactured into sugar, would be In commerce. Or one who sold fertilizer to raise the seed to plant the beets to make the sugar to be shipped in commerce would be in commerce.

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

Grand Rapids Varnish Co.--Commercial bribery.--The commission, on June 18, 1928, filed with the Circuit Court of Appeals for the Sixth Circuit (Cincinnati) an application for the enforcement of its order in this case. This is one of the earlier proceedings instituted by the commission, and the order, originally entered on April 15, 1918, and subsequently modified, was directed against what is known as commercial bribery. By it the company, a Michigan

corporation, and its agents, representatives, servants, and employees were directed to--

cease and desist from directly or indirectly secretly giving, or offering to give, employees of Its customers or prospective customers, or those of its competitors customers or prospective customers, without the knowledge or consent of their employers, as an inducement to cause their employers to purchase or contract to purchase, from the respondent, varnish and kindred products, or to Influence such employers to refrain from dealing, or contracting to deal, with competitors of respondent, without other consideration therefor, money or anything of value.

On June 30, 1928, the court entered an order directing the company to file its answer to the commission's petition on or before October 2, 1928.

Standard Education Society case--Misrepresentations--Books.--This is a Minnesota corporation, with headquarters at Chicago and engaged in the production and sale of sets of books known as "The Standard Reference Work," and also a loose-leaf service called "The Standard Loose-Leaf Extension Service." This concern was directed by an order entered' by the commission on November 10, 1923, to cease and desist from (1) falsely representing and exaggerating the regular prices of said books, from which it purported to give reductions; (2) falsely representing that its products are bound in " rich maroon Levant" or other leather; (3) representing that its Standard Reference Work has been officially adopted by 24 States; (4) offering prospective customers fictitious "honorary membership" in the"Standard Education Society."

It appearing that respondent persisted in its course of action prohibited by the order, the commission, on May 27, 1926, filed in the. United States Circuit Court of Appeals, Seventh Circuit, its ap plication for affirmance and enforcement of the order to cease and; desist. The commission alleged in its application, supported by affidavit, that respondent failed and neglected to obey the order to cease and desist. This was denied by respondent's answer; whereupon the commission moved the court to strike out such denial, it being the commission's contention that the Federal Trade Commission act, under which the proceedings. were brought, does not provide for or contemplate the trying out of an issue as to the failure or neglect to obey the order before determining upon the record whether the order is valid The court, however, in an opinion handed down October 22, 1926, overruled the commission's motion to strike, and ordered that unless an agreement be reached upon the facts as to the failure or neglect to obey the order, either party might apply to the court for appointment of a referee or commissioner to hear the testimony and report his findings upon this issue. (14 F. (2d) 947.) Such a referee was, at the request of the commission, duly appointed. Prior to the taking of testimony, however, the company having

evinced a purpose to comply with the commission's order, and to secure the full cooperation of its agents and employees in attaining this end, the court, on October 11, 1927, on motion of the commission, dismissed the commission's application for enforcement, without prejudice, however, to the institution of further proceedings should they prove necessary.

Sea Island Thread Co.--Misbranding of cotton thread.--The commission's order in this case directed the respondent, a New York corporation, to cease and desist from "using the word 'Satinsilk' or the words 'Satin Silk,' either alone or with other word or words, as a brand or label upon spools of thread composed wholly of cotton, or upon the containers of such thread."

The company took exception to this order and, on May 24, 1927, filed with the Circuit Court of Appeals for the Second Circuit its petition to review and set it aside. Briefs were filed on behalf of both parties, and also by the Silk Association of America as amicus curiae. The case was argued November 23, 1927, and the commission's order affirmed from the bench without opinion. (22 F. (2d) 1019.)

F. W. Dobe--Sundry misrepresentations in connection with correspondence school.--The commission's order in this case prohibited the respondent engaged in conducting a correspondence school for drafting in Chicago from making misrepresentations as to his qualifications for teaching, terms of instruction, opportunities for employment at liberal remuneration after completing his courses, etc. It was entered on February 6, 1925. It appearing that the respondent was ignoring the order, the commission, on December 21, 1926, applied to the Circuit Court of Appeals for the Seventh Circuit for enforcement. Further proceedings were held in abeyance, pending negotiations, at the instance of the respondent, for the withdrawal of the commission's application for enforcement, in view of respondent's expressed willingness to abide by the terms of the order and subscribe to a code of ethics adopted by correspondence schools in conference with and approved by the commission; and on January 31, 1928, at the instance of the commission, the court dismissed the application for enforcement, without prejudice to a renewal of proceedings by the commission, should the respondent at any time violate the provisions of the order.

Pure Silk Hosiery Mills. case--False advertising--False representations in sale of hosiery.--The Pure Silk Hosiery Mills sold hosiery to the consuming public generally throughout the United States. Although it neither owned nor operated any factory, it represented by a variety of means that the hosiery it offered for sale and sold was manufactured in mills owned and operated by it; that customers in purchasing from it obtained hosiery at wholesale or mill prices;

that in buying from it purchasers eliminated middlemen's profit and derived advantages (in price and otherwise) which they could not obtain if they purchased hosiery in the regular channels. The commission's complaint alleged that the use by respondent company of the word "Mills" in its name, when it neither owned nor operated any hosiery mill, was in violation of section 5 of the Federal Trade Commission act. On October 24, 1922, the commission directed the Pure Silk Hosiery Mills to cease selling hosiery in interstate commerce " under a trade or corporate name which includes the word 'Mills' in combination with the words 'Pure Silk Hosiery,' or words of like import," unless and until respondent actually owns or operates a factory or mills in which it manufactures the hosiery sold by it.

Subsequent investigation by the commission disclosed that its order was being ignored, and so, on July 1, 1924, it petitioned the Circuit Court of Appeals for the Seventh Circuit for enforcement Briefs were filed, argument had, and the court, on December 8, 1924, granted the petition of the commission and by decree adopted its order and commanded the Pure Silk Hosiery Mills to obey it. (3) F. (2d) 105.) Petition for rehearing was filed by the company and denied by the court.

Subsequently the commission deemed the Pure Silk Hosiery Mills to be acting in violation of the decree of the circuit court of appeals mentioned above, and on June 26, 1925, filed its petition with the same court to enforce the decree. Hearing on the petition was had before the court on January 7, 1926. On July 8, 1926, the court, at its request, was supplied by the company with a statement concerning its operations, and subsequently kept in touch with new developments, involving the organization of a new corporation to succeed to the business of the former concern, all with the view to seeing that the business was conducted in accordance with its decree and the order of the commission. On December 8, 1927, the application for enforcement of the decree was dismissed, with leave to the commission to reinstate for good cause shown.

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

The commission's order prohibited Klesner, his servants, agents, and employees from using the words "Shade Shop" standing alone

or in conjunction with other words as an identification of the business conducted by him, in any manner of advertisement, signs, stationery, telephone or business directories, trade lists, or otherwise.

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

After briefs and argument, the court, without considering the merits of the case, held that it was without jurisdiction and dismissed the petition. (6 F. (2d) 701.) This was on June 1, 1925. The commission applied to the Supreme Court of the United States for a writ of certiorari, which was granted, and the Supreme Court, after bearing, reversed the judgment of the Court of Appeals and remanded the cause for further proceedings-concluding that the words "circuit court of appeals of the United States" in the Trade Commission act included the Court of Appeals of the District of Columbia as the appellate tribunal to be charged with the duty in the District. (274 U. S. 145.) After the decision of the Supreme Court (April 18, 1927) the case was twice reargued in the lower court and on April 2, 1928, that tribunal dismissed the commission's petition for enforcement on the ground that the name "Shade Shop," as used by the respondent, was a generic term and merely descriptive of the business carried on by him, and that therefore the prior and exclusive use of this term by another concern engaged in the window-shade business was not such as to be entitled to legal protection. (25 F. (2d) 524.) The commission petitioned for a writ of certiorari on August 15, 1928, and this was granted October 22, 1928.

A vexatious problem of procedure in the enforcement of orders directed against unfair methods of competition warrants special mention.

The statute provides that if the person against whom the commission issues an order to cease and desist from the use of unfair methods of competition fails or neglects to obey such order the commission may appeal to the proper circuit court of appeals for the enforcement of its order, and shall certify and file with its application a transcript of the. record made before the commission. Thereupon the court shall have jurisdiction of the proceeding and shall have power to make and enter upon the pleadings, testimony, and proceedings set forth in such transcript an order affirming, modifying, or setting aside the commission s order.

It has been the commission's contention from its organization that the statute contemplated that upon such application and review of the proceeding before the commission the court should, if it found the order valid, enter a decree requiring the person against whom it is issued to obey it.

The two circuit courts of appeals that have thus far construed this provision have not adopted the commission's views, nor are they in accord with each other.

The Circuit Court of Appeals for the Seventh Circuit (Chicago) hold (Federal Trade Commission *v.* Standard Education Society, 14 Fed. (2d) 947) that the commission must prove in that court that its order has been violated before the court will even consider the validity of the commission's findings and order based upon the evidence taken before the commission and certified by it to the court in conformity with the statute. If the evidence taken before the court fails to prove a violation of the order, it does not appear whether the court will consider the validity of the order at all. If the evidence of a violation is satisfactory, presumably the court will enter a decree in the words of the order. Then, if the commission can thereafter prove that the decree has been violated, the court will presumably punish the offender as for contempt. It will thus be seen that punishment for a violation of the law can not be secured until the commission has proven in its own proceeding that the statute has been violated, and has proven that the offender is in contempt for a violation of the decree of the court. The requirement to thrice prove a violation of a prohibitive statute before punishment can be inflicted, and to prove it twice before an injunction can be secured, probably does not have a parallel in our statutes.

A decision of the second circuit (New York) (Federal Trade Commission *v.* Balme, 23 Fed. (2d) 615) holds that on application of the commission for the enforcement of its order the court will first determine whether it is valid. In the case mentioned it held the order valid but did not enter a decree of enforcement. Instead it directed that the commission take evidence to determine whether the order had been violated and return the evidence with its findings to the court. Presumably, if the evidence so taken shows a violation of the order, the court will enjoin its further violation. If thereafter it be proven that the decree has been violated, punishment as for contempt will follow. The advantage of the procedure adopted by the second circuit over that required by the seventh circuit is that the commission may secure a decision with respect to the validity of its order before being called upon to prove that it has been violated. If the order is held invalid, time will not have been wasted in taking testimony with respect to its violation. However, even under the ruling of the second circuit, if we interpret it correctly, after an order of the commission is found valid, a decree of enforcement will evidently not issue without proof of the violation of the

commission's order. After such a decree is obtained, a violation of the decree is undoubtedly punishable as contempt. Here again it seems necessary to prove twice a violation of law to get an order of enforcement and to prove still a third violation to inflict punishment.

It will be seen that the effect of these decisions has been to make the procedure for securing obedience to the statute very cumbersome, tedious, and expensive. It is difficult to conceive that Congress intended to prescribe such a procedure. The statute shows on its face an attempt to make its enforcement speedy and direct. The procedure before the commission is as informal and direct as is . consistent with due process of law. The act provides for a review of the proceedings by the circuit courts of appeals instead of by the district courts, as is the case with the Interstate Commerce Commission act and other acts, shortening the process through the courts by one step. The section also provides that the decision of the circuit court of appeals shall be final, except that the Supreme Court may review the judgment of the circuit court of appeals on certiorari. An appeal as a matter of right from the judgment of the circuit court of appeals is not provided for. Finally, the section provides that the circuit court of appeals shall expedite cases arising under it in every way. These provisions manifest the legislative intent to secure a speedy and inexpensive compliance with the commission's valid orders.

The commission has not as yet been able to present this question to the Supreme Court, but will do so when the occasion offers.

If an order of the commission is found valid by a circuit court of appeals, an order of enforcement should issue at once.

An order of the commission which has been found valid should be enforced by the court not because it has been disobeyed but because it has been found valid.

CASES ARISING UNDER SECTIONS 6 AND 9 OF THE FEDERAL TRADE COMMISSION ACT

In addition. to the review by the United States circuit courts of appeals of the commission's orders directed against "unfair methods of competition," issued under authority of section 5 of its organic act, and price discrimination, exclusive-dealing contracts, stock acquisitions in competitive concerns, and interlocking directorates, authorized by section 11 of the Clayton Act, the former statute invests the commission with power, among other things, to gather and compile information concerning and. to investigate from time to time the organization, business, conduct, practices, and management of corporations engaged in interstate commerce (excepting banks and common carriers) and their relation to other corporations, individuals, asso-

ciations, and partnerships; to require such corporations to file annual or special reports concerning their organization, business, etc.; and, upon the direction of the President or either House of Congress, to investigate and report the facts relating to any alleged violations of the antitrust acts by any corporation. To facilitate the exercise of these powers the commission is authorized to apply to the Attorney General for the institution of mandamus proceedings.

A number of cases have arisen as a result of efforts to test the powers of the commission to compel the production of testimony or of documents in investigations or to compel the filing of reports. The cases relating to the Claire Furnace Co., the American Tobacco and Lorillard Cos., the Baltimore Grain Co. et al., and the Basic Products Co., which arose in this manner, were concluded prior to the beginning of the fiscal year, and have been discussed at length in previous annual reports. The Maynard Coal Co. case (concluded during the year) and that relating to the Millers' National Federation (still pending) are discussed below, as are also certain proceedings in unfair competition cases, where respondents, through the medium of various extraordinary legal remedies, have sought to halt or influence the conduct of proceedings by the commission.

The Maynard Coal Co. case--A proceeding in which an economic investigation of the commission was halted by injunction.--In 1919 the press, the public, and various branches of State and National Governments were giving great attention to the enormous increase in the cost of the great majority of the necessities of life. In August of that year the Federal Trade Commission was asked by Congress what it could do as touching the then high cost of living, and in response to the inquiry members of the commission appeared before the Committee on Appropriations of the House of Representatives and suggested that a thorough inquiry into and publication of the facts respecting the production, prices, and costs of certain basic commodities would, in their opinion, be of the greatest value to the country at large, to Congress, to the courts, to the prosecuting arm of the Government, and to business itself, in ascertaining the causes of the conditions existing. Asked what articles or industry should be investigated, the then chairman of the commission suggested fuel, steel, and several other basic commodities. As a result of this suggestion, money was appropriated and the commission sent questionnaires to practically all corporations engaged in the production and sale in interstate commerce of bituminous coal, asking for reports on cost, income, and tonnage.

One of these corporations, the Maynard Coal Co., organized under the laws of Ohio, declined to make the report in question, and applied to the Supreme Court of the District of Columbia for an injunction, which was granted. (48 W. L. R. 278.)

The case was taken by the commission to the Court of Appeals of the District of Columbia, where it was argued in January, 1924. On May 10 of that year a reargument was directed. The case was reached on the calendar on October 10, 1924, and at that time continued generally pending a decision of the Supreme Court of the United States in the Claire Furnace Co. case. The latter case having been decided April 18, 1927, the Maynard case was reargued October 3, 1927; and on November 7 of that year the Court of Appeals rendered its opinion, reversing the decree of the lower court, and remanding the cause, with directions to dismiss the bill. (22 F. (2d) 873.) The court followed the action of the Supreme Court in the Claire Furnace Co. case, quoting from the opinion in that case as indicated below (274 U. S. 160):

> With this statement we are forced to the consideration of a controlling question of Jurisdiction. In the case of Federal Trade Commission et al. *v.* Claire Furnace Co. et al. (274 U. S. 160) the Supreme Court, considering a proceeding identical with that presented in this case, where an injunction bad been granted to restrain the threatened enforcement of the penalty for refusal to comply with a similar order of the commission. The court there held that injunction did not lie, since the statute furnished complainants a complete and adequate remedy at law.
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> * * * * * * *
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> Considering the discretionary power reposed in the Attorney General to control the bringing of actions under the act, the court in its opinion in the Claire case said: There was nothing which the commission could have done to secure enforcement of the' challenged orders except to request the Attorney General to institute proceedings for a mandamus or supply him with the necessary facts for an action to enforce the incurred forfeitures. If, exercising his discretion, he had instituted either proceeding, the defendant therein would have been fully heard and could have adequately and effectively presented every ground of objection sought to be presented now. Consequently, the trial court should have refused to entertain the bill in equity for an injunction. * * * It was intended by Congress in providing this method of enforcing the orders of the Trade Commission to impose upon the Attorney General the duty of examining the scope and propriety of the orders and of sifting out of the mass of inquiries issued what in his Judgment was pertinent and lawful before asking the court to adjudge forfeitures for failure to give the great amount of information required or to issue a mandamus against those whom the orders affected and who refused to comply. The wide scope and variety of the questions, answers to which are asked in these orders, show the wisdom of requiring the chief law officer of the Government to exercise a sound discretion In designating the inquiries to enforce which he shall feel justified in invoking the action of the court. In a case like this the exercise of this discretion will greatly relieve the court and may save it much unnecessary labor and discussion. The purpose of Congress in this requirement is plain, and we do not think that the court below should have dispensed with such assistance. Until the Attorney General acts the defendants can not suffer, and when he does act they can promptly answer and have full opportunity to contest the legality of any prejudicial proceeding against

them. That right being adequate, they were not in a position to ask relief by injunction. The bill should have been dismissed for want of equity."

Final decree, in accordance with the mandate of the court of appeals, was entered in the Supreme Court of the District of Columbia on December 14, 1927.

Millers' National Federation case--Investigation by commission response to resolution of the United States Senate.--On February 16, 1924, the United States Senate, by resolution, directed the commission to investigate and report to the Senate, among other things, the extent and methods of price fixing, price maintenance, and price discrimination, in the flour and bread industries; developments in the direction of monopoly and concentration of control, and all evidence indicating the existence of agreements, conspiracies, or combinations in these industries. In the course of the investigation the commission made inquiry with respect to the activities of the Millers' National Federation, a voluntary, unincorporated association, whose members produce approximately 65 per cent of the flour milled in the United States, as well as the activities of other milling associations and corporations engaged in the milling industry. Permission was requested of the Millers' National Federation to inspect certain papers, document; and correspondence files, which permission was in part granted. As a result of the inspection of certain correspondence, the commission requested the federation to supply it with copies of certain designated letters, and further requested access, for the purpose of inspection, to minutes of meetings among members of the federation and other millers in various parts of the country and to letters passing between the federation and its members leading up to the adoption of a so-called code of ethics by the federation. The request was denied. The commission thereafter called a hearing in the investigation at Chicago, Ill., and served subpoena upon the secretary of the federation requiring him to produce at the hearing certain letters specified by dates, names of the parties correspondent, and subject matter, which its representative had been permitted to inspect in the federation's offices. Subpoenas were also served upon the secretary requiring the production of minutes of the meetings among members of the federation and other millers above mentioned (inspection of which had been denied) and of the letters relating to the adoption of the code of ethics. The Washburn-Crosby Co., a member of the federation and the largest milling corporation in the United States, having also refused to permit the commission to inspect certain letters specified by dates, names of parties correspondent, and subject matter, as well as having declined to permit a statement of its business, made up from its books by representatives of the commission, to be taken from its

offices, subpoenas duces tecum were served upon officers of the corporation, requiring the production of the letters and of the statement, at a hearing to be held at Minneapolis, Minn.

On the day prior to the hearing set for Chicago, Ill., the Millers National Federation on behalf of its members filed a petition in the Supreme Court of the District of Columbia praying for a temporary restraining order and a temporary injunction restraining the commission from taking any steps or instituting any proceedings to enforce the subpoenas or requiring the plaintiffs, or any of them, to produce the documents or letters required thereby. On the day of bearing set at Chicago the secretary of the federation, the officers of the Washburn-Crosby Co., and certain individuals connected with the federation through membership therein of corporations in which they were officers, did not appear as required by subpoenas ad testificandum, and on the morning of the same day a temporary restraining order was issued by the Supreme Court of the District of Columbia as prayed for in the petition. A motion for temporary injunction was subsequently made. The commission answered the motion on the merits and moved to dismiss the petition on various grounds, among others, that the court was without jurisdiction to restrain the commission from proceeding with the hearing. Both motions were argued, and on September 22, 1926, the court rendered its decision granting the temporary injunction (decision not reported). From this an appeal was taken on December 10, 1926, to the Court of Appeals of the District of Columbia. Before hearing on this appeal was had, the commission, on March 30, 1927, petitioned the Supreme Court of the United States for certiorari, which was denied on April 25, 1927 (274 U. S. 743) , thus leaving the case to be heard on the appeal in the Court of Appeals of the District of Columbia.

After briefs and arguments, the Court of Appeals, on December 5, 1927, affirmed the decree of the Supreme Court of the District (23 F. 2d) 968, and remanded the case for further proceedings. The court held that the opinion of the Supreme Court of the United States in the Claire Furnace Co. case was not controlling, that the present case must be determined upon principles not obtaining in that ease, and that injunction would lie to restrain the commission, should the court find, on a final determination of the case on its merits, that the commission had exceeded its jurisdiction. In short, its holding was that the Supreme Court of the District had jurisdiction to determine the matter. The commission, on December 12, 1927, filed a petition for rehearing, on the ground that the court had failed to decide the point of law which was the principal basis for the judgment below, and practically the sole ground assigned in the petition

for special appeal on which the case was heard in the court of appeals--the court below holding that sections 6 and 9 of the Federal Trade Commission act did not confer any jurisdiction upon the commission to employ subpoenas in any investigation made under section 6 of the act, but that the statute conferred power upon the commission to employ subpoenas only in adversary proceedings conducted under authority of section 5. The petition for rehearing was denied on January 21, 1928. The commission filed answer to the amended bill of complaint on February 14. On March 23 the court granted the motion of the federation for leave to file supplemental bill of complaint, in which it was claimed that final decree should issue against the commission, on the ground that its investigation had been completed, final report made to the Senate, and its authority thereby exhausted. The commission's answer to this supplemental bill was filed on April 4. At the close of the fiscal year negotiations were being conducted looking to a stipulation of the facts, in lieu of taking testimony in the suit for permanent injunction, in the Supreme Court of the District of Columbia.

Royal Baking Powder case-Violation of section 5 of the Federal Trade Commission act.--This company was charged, on complaint of the commission, with publishing false statements about the products of competitors, among which were (1) that competitors' baking powders contained alum and were therefore unfit for use in food; (2) that the alum contained in such powders is the astringent commonly sold in drug stores under the name of alum and chemically known as potassium aluminum sulphate; (3) that competitors' baking powders are poisonous, that they are made of ground-up cooking utensils, that they do not come within the pure food laws, that they pucker up the stomach in the same manner that lump alum puckers up the mouth, and that they are made of the same substance used as a styptic after shaving. It was further charged that respondent had advertised anonymously to the same effect. Answer was filed, testimony taken, and briefs and oral argument presented to the commission. Thereafter, on March 23, 1926, the commission issued its order dismissing the proceeding. On the same day counsel for the commission filed a petition for reargument of the case before the commission, which petition was on said day granted. Notices of such dismissal and the granting of the petition for reargument were served upon the baking powder company simultaneously. Thereafter the case was reargued before the commission, upon which it vacated its order of dismissal entered March 23, 1926, and directed the reopening of the case solely for the taking of further testimony with respect to misleading advertising, anonymous advertising, and the circulation of erroneous extracts from the book A Collation of Cakes. The order expressly

provided that no evidence be taken with respect to statements by the respondent relative to the deleteriousness of alum baking powder, and also confirmed the previous dismissal with respect to the use by respondent of the slogan " No alum--no bitter taste," since the corn-mission was of opinion that its use as before them in this case was not an unfair method of competition. Thereupon, on October 22, 1926, the Royal Baking Powder Co. filed in the Supreme Court of the District of Columbia a petition for a writ of certiorari which the court caused to be issued and served upon the commission, command mg it to certify and transmit to that court the record and papers im the case before the commission, it being the contention of the company that the commission lost jurisdiction of the proceedings before it upon its entering the order of dismissal of March 23, 1926. On October 30, 1926, the commission moved the court to dismiss the petition and to quash the writ of certiorari, and on November 13, 1926, in addition to its motion to quash the writ of certiorari, the commission also filed a demurrer to the petition. Thereafter the matter was argued, briefs were filed, and on June 21, 1927, the court rendered its decision sustaining the commission s motion to quash the writ of certiorari on the ground of lack of jurisdiction in the court. (Not reported) . The court declined to pass upon the demurrer to the petition, offering at the election of the petitioner to transfer the matter to the equity side of the court. This was done, and the equity court, on November 7, 1927, granted the commission's motion to dismiss the bill, saying (decision not reported): "From an examination of the decided cases bearing upon the questions presented herein the court is of opinion that, by the entry of the order of dismissal, on March 23, 1926, the commission did not exhaust its jurisdiction over the case pending before it; that its order reopening the case, as well its subsequent orders in relation thereto, were administrative and procedural in character; and that the same are not subject to review by this court." Final decree was signed November 15, 1927, the court at the time taking occasion to discuss allowance of writ of supersedeas, applied for by the company. It said: "It is not here necessary to decide whether this court, because of the limitations of the equity rule, supra, is or is not vested with discretion to grant a supersedeas which shall operate as an injunction against the Federal Trade Commission pending the appeal; but in view of the fact that this court reached the conclusion herein that the several orders com plained of were administrative and procedural, and, as such not here properly subject to review, it is of opinion that it should not thus do indirectly that which it has directly held it had no right or jurisdiction to do." The company noted an appeal to the Court of Appeals of the District of Columbia, and on March 22, 1928, filed the tran-

script of record with this court. The commission, on April 7, 1928, filed a motion to dismiss the appeal, on the ground that the transcript had not been filed within the time provided by the new rules of the court of appeals, effective December 1, 1927. The motion, how ever, was denied. The printed transcript of record was filed on June 28 last; the next steps are the filing of briefs and argument. The case will not be reached before the fall term.

Royal Baking Powder Co.--Mandamus to compel commission pass upon affidavits of prejudice against member of commission.--In connection with a proceeding then pending before the commission against the company referred to, and before decision by the commission on a motion to dismiss the said complaint filed by the respondent company, the latter, on May 31 and June 4, 1928,; filed in said cause certain petitions in the form of affidavits, in which it was charged that one of the members of the commission was so biased and prejudiced against the company as to be unable to give fair and impartial consideration to matters affecting said company, and in which suggestion was made that this commissioner would, on consideration of the facts, admit the impropriety of his continuing to sit in judgement in matters concerning the Royal Baking Powder Co. The petition prayed that The commission take action to prevent further participation by this commissioner in deliberations or decisions in matters and proceedings coming before the commission in which the company a party or had an interest. On June 11, 1928, the commission entered an order overruling the motion to dismiss, and on June 28, 1928, a further order was entered postponing consideration of the petitions (in the form of affidavits of prejudice) until the final hearing of the case. The company thereupon, on June 30, 1928 filed with the Supreme Court of the District of Columbia its petition praying that a rule issue requiring the commission to show cause why a writ of mandamus should not issue against it, requiring it, before any other or further action is taken in connection with the pending proceeding (Doc. 1499) or in any other matter in which the company is a party or haste an interest, to pass upon and announce decision on in the prayers in the petition in the form of affidavits of prejudice referred to. On July 16 the court granted the company's motion to strike the commission's answer, with leave to the commission to file an amended answer. This was done on July 25. The next development will be a hearing on the motion of the company to strike the amended answer.

TABLES SUMMARIZING WORK OF LEGAL DIVISION AND COURT PROCEEDINGS, 1915-1928

TABLE 1.--*Preliminary inquiries*

	1915	1916	1917	1918	1919	1920	1921
Pending beginning of year	0	4	12	32	19	29	61
Instituted during year	119	265	462	611	843	1,107	1,070
Total for disposition	119	269	474	643	862	1,136	1,131
Dismissed after investigation	3	123	289	292	298	351	500
Docketed as applications for complaints	112	134	153	332	535	724	563
Total disposition during year	115	257	442	624	833	1,075	1,063
Pending end of year	4	12	32	19	29	61	68

	1922	1923	1924	1925	1926	1927	1928
Pending beginning of year	68	147	102	191	176	298	328
Instituted during year	1,223	1,234	1,568	1,612	1,483	1,265	1,331
Total for disposition	1,291	1,381	1,670	1,803	1,659	1,563	1,659
Dismissed after investigation	731	897	1,157	1,270	1,075	942	1,153
Docketed as applications for complaints	413	382	322	357	286	293	282
Total disposition during year	1,144	1,279	1,479	1,627	1,361	1,235	1,435
Pending end of year	147	102	191	176	298	328	224

CUMULATIVE SUMMARY TO JUNE 30, 1928

Inquiries instituted		14,193
Dismissed after investigation	9,037	
Docketed es applications for complaints	4,932	
Total disposition		13,969
Pending June 30, 1928		224

TABLE 2.--*Export trade investigations*

	1922	1923	1924	1925	1920	1927	1928
Pending beginning year	53	35	79	43	10	10	29
Instituted during year	10	79	16	11	52	54	68
Total for disposition	63	114	95	54	62	70	97
Disposition during year	28	35	52	44	40	41	55
Pending end of year	35	79	43	10	10	29	42

CUMULATIVE SUMMARY TO JUNE 30, 1928

Investigations instituted	343
Total disposition	301
Pending June 30, 1928	42

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TABLE 3.--Applications for complaints

	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928
Pending beginning of year	0	104	130	188	280	389	554	467	458	572	565	488	422	457
Applications docketed	112	134	153	332	535	724	426	382	416	377	340	273	292	334
Rescinded dismissals:														
Stipulated	0	0	0	0	0	0	0	0	0	1	1	1	1	2
Trade practice acceptance	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	5	6	4	3	4	0	0
Total for disposition	112	238	283	520	815	1,113	980	855	880	954	909	766	714	793
To complaints during year	0	3	16	80	125	220	156	104	121	143	118	57	45	58
Dismissals														
Stipulated	0	0	0	0	0	0	0	0	0	3	5	102	80	68
Trade practice acceptance	0	0	0	0	0	0	0	0	0	0	0	2	3	19
Others	8	105	79	160	301	339	357	292	187	243	298	185	127	118
Total disposition during year	8	108	95	240	426	559	513	397	308	389	421	344	255	253
Pending end of year	104	130	188	280	389	554	467	458	572	565	488	422	459	530

CUMULATIVE SUMMARY, TO JUNE 30, 1928

Applications docketed		4,830	
Rescinded dismissals:			
Stipulated	5		
Trade practice acceptance	0		
Others	22		
Total rescinded dismissals		27	
Total for disposition			4,857
To complaints		1,246	
Dismissals:			
Stipulated	258		
Trade practice acceptance	24		
Others	2,799		
Total dismissals		3,081	
Total disposition			4,327
Pending June 30,1923			530

TABLE 4.--*Complaints*

	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928
Pending at beginning of year	0	0	5	10	86	133	287	312	257	232	264	220	152	147
Docketed during year	0	5	9	154	135	308	177	111	144	154	132	62	76	64
Rescinded orders to cease and desist														
Contest	0	0	0	0	0	0	0	0	0	4	0	0	0	1
Consent	0	0	0	0	0	0	0	0	0	1	0	0	0	0
Default	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rescinded dismissals														
Stipulated	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Trade practice acceptance	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Others	0	0	0	0	0	0	1	0	1	1	0	0	1	0
Total for disposition	0	5	14	164	221	441	455	423	402	392	390	282	229	212
Orders to cease and desist														
Contest	0	0	3	71	75	110	116	74	28	45	30	28	34	38
Consent	0	0	0	0	0	0	0	17	54	47	43	16	18	8
Default	0	0	0	0	0	0	0	0	0	0	0	0	0	2
Dismissals														
Stipulated	0	0	0	0	0	0	0	0	0	0	6	3	1	3
Trade practice acceptance	0	0	0	0	0	0	0	0	0	0	0	0	5	5
Others	0	0	1	7	13	44	37	75	88	36	97	83	24	20
Total disposition during year	0	0	4	78	88	154	153	166	170	128	176	130	82	76
Pending at end of year	0	5	10	86	133	217	312	257	232	264	220	152	147	136

CUMULATIVE SUMMARY, TO JUNE 30, 1928

Complaints docketed		1,531	
Rescinded orders to cease and desist:			
Contest	5		
Consent	1		
Default	0		
Total rescinded orders to cease and desist		6	
Rescinded dismissals:			
Stipulated	0		
Trade practice acceptance	0		
Others	4		
Total rescinded dismissals		4	
Total for disposition			1,541
Orders to cease end desist:			
Contest	652		
Consent	203		
Default	2		
Total orders to cease and desist		857	
Dismissals:			
Stipulated	13		
Trade practice acceptance	10		
Others	528		
Total dismissals		548	
Total disposition			1,405
Pending June 30, 1928			186

COURT PROCEEDINGS--ORDERS TO CEASE AND DESIST

TABLE 5.--*Petitions for review--Lower courts*

	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928
Pending beginning of year	0	2	8	13	9	4	14	9	8	3
Appealed	4	9	18	5	5	15	6	5	4	4
Total for disposition	4	11	26	18	14	19	20	14	12	7
Decisions for Commission	1	0	1	4	5	1	6	5	4	3
Decisions for others	1	3	11	5	4	4	3	1	2	1
Petitions withdrawn	0	0	1	0	1	0	2	0	3	0
Total disposition during year	2	3	13	9	10	5	11	6	9	4
Pending end of year	2	8	13	9	4	14	9	8	3	3

CUMULATIVE SUMMARY, TO JUNE 30, 1928

Appealed to June 30, 1928			75
Decisions for commission		30	
Decisions against commission		35	
Petitions withdrawn		7	
Total disposition to June 30, 1928			72
Pending June 30, 1928			3

TABLE 6.--*Petitions for review--Supreme Court of the United States*

	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928
Pending beginning of year	0	0	1	3	3	1	0	4	6	1
Appealed by Commission	0	2	2	4	5	0	5	2	1	0
Appealed by others	0	0	0	0	2	1	1	3	1	0
Total for disposition	0	2	3	7	10	2	6	9	8	1
Decisions for Commission	0	0	0	2	0	0	0	0	3	0
Decisions for others	0	1	0	0	5	1	0	0	2	0
Petitions withdrawn by Commission	0	0	0	0	1	0	0	0	0	0
Writ denied Commission	0	0	0	2	1	0	1	2	1	0
Writ denied others	0	0	0	0	2	1	1	1	1	1
Total disposition during year	0	1	0	4	9	2	2	3	7	1
Pending end of year	0	1	3	3	1	0	4	6	1	0

CUMULATIVE SUMMARY, TO JUNE 30, 1928

Appealed by commission to June 30, 1928		21
Appealed by others to June 30, 1928		8
Total appealed to June 30, 1928		29
Decisions for commission	5	
Decisions against commission	9	
Petitions withdrawn by commission	1	
Writ denied commission	7	
Writ denied others	7	
Total disposition to June 30,1928		29
Pending June 30, 1928		0

TABLE 7.--Petitions for enforcement--Lower courts

	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928
Pending beginning of year	0	0	0	0	0	0	1	0	2	3
Appealed	0	0	0	0	1	1	1	3	2	3
Total for disposition	0	0	0	0	1	1	2	3	4	6
Decisions for Commission	0	0	0	0	1	0	2	0	0	1
Decisions for others	0	0	0	0	0	0	0	1	0	1
Petitions by commission denied	0	0	0	0	0	0	1	1	0	0
Petitions withdrawn	0	0	0	0	0	0	0	0	1	2
Total disposition during year	0	0	0	0	1	0	2	1	1	4
Pending end of year	0	0	0	0	0	1	0	2	3	2

CUMULATIVE SUMMARY, TO JUNE 30, 1928

Appealed to June 30, 1928		11
Decisions for commission	3	
Decisions against commission	0	
Petitions by commission denied	2	
Petitions withdrawn	3	
Total disposition to June 30, 1928		8
Pending June 30, 1928		3

TABLE 8.--*Petitions for enforcement--Supreme Court of the United States*

	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928
Pending beginning of year	0	0	0	0	0	0	0	0	1	0
Appealed by Commission	0	0	0	0	0	0	0	0	0	0
Appealed by others	0	0	0	0	0	0	0	1	0	1
Total for disposition	0	0	0	0	0	0	0	1	1	
Decisions for Commission	0	0	0	0	0	0	0	0	0	0
Decisions for others	0	0	0	0	0	0	0	0	1	0
Certiorari denied others	0	0	0	0	0	0	0	0	0	1
Total disposition during year	0	0	0	0	0	0	0	0	1	1
Pending end of year	0	0	0	0	0	0	0	1	0	0

CUMULATIVE SUMMARY, TO JUNE 30, 1928

Appealed to June 30,1928		3
Decisions for commission	1	
Decisions against commission	1	
Petitions by others denied	1	
Total disposition to June 30, 1928		3
Pending June 30,1928		0

TABLE 9.--*Petitions for rehearing, modification, etc.--Lower courts*

	1919	1920	1921	1922	1923	1924	1926	1926	1927	1928
Pending beginning of year	0	0	1	0	1	0	0	2	1	1
Appealed	0	1	0	2	0	2	8	3	0	1
Total for disposition	0	1	1	2	1	2	8	5	1	2
Decisions for commission	0	0	0	1	0	0	1	0	0	0
Decisions against commission	0	0	0	0	0	0	1	0	0	1
Petitions by commission denied	0	0	1	0	0	2	1	2	0	1
Petitions by others denied	0	0	0	0	1	0	3	2	0	0
Total disposition during year	0	0	1	1	1	2	6	4	0	2
Pending end of year	0	1	0	1	0	0	2	1	1	0

CUMULATIVE SUMMARY, TO JUNE 30, 1928

Appealed to June 30, 1928		17
Decisions for commission	2	
Decisions against commission	2	
Petitions by commission denied	7	
Petitions by others denied	6	
Total disposition to June 30, 1928		17
Pending June 30, 1928		0

TABLE 10.--*Petitions for rehearing, modification, etc.--Supreme Court of the United States*

	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928
Pending beginning of year	0	0	0	0	0	0	0	0	0	0
Appealed	0	0	0	1	0	0	0	1	4	0
Total for disposition	0	0	0	1	0	0	0	1	4	0
Petitions by commission denied	0	0	0	0	0	0	0	0	2	0
Petitions by others denied	0	0	0	1	0	0	0	1	2	0
Total disposition during year	0	0	0	1	0	0	0	1	4	0
Pending end of year	0	0	0	0	0	0	0	0	0	0

CUMULATIVE SUMMARY, TO JUNE 30, 1928

Appealed to June 30, 1928		6
Petitions by commission denied	2	
Petitions by others denied	4	
Total disposition to June 30, 1928		6
Pending June 30,1928		0

COURT PROCEEDINGS--MISCELLANEOUS

TABLE 11.--*Interlocutory, mandamus, etc.--Lower courts*

	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928
Pending beginning of year	0	1	4	5	6	4	4	4	4	5
Appealed	2	4	2	6	5	0	1	1	2	2
Total for disposition	2	5	6	11	11	4	5	5	6	7
Decisions for Commission	1	0	1	3	0	0	0	0	1	1
Decisions against commission	0	1	0	1	7	0	0	0	0	1
Petitions withdrawn by Commission	0	0	0	0	0	0	1	1	0	2
Petitions withdrawn by others	0	0	0	1	0	0	0	0	0	0
Total disposition during year	1	1	1	5	7	0	1	1	1	4
Pending end of year	1	4	5	6	4	4	4	4	5	3

CUMULATIVE SUMMARY, TO JUNE 30, 1928

Appealed to June 30, 1928		25
Decisions for commission	7	
Decisions against commission	10	
Petitions withdrawn by commission	4	
Petitions withdrawn by others	1	
Total disposition to June 30, 1928		22
Pending June 30, 1928		3

TABLE 12.--*Interlocutory, mandamus, etc.--Supreme Court of the United States*

	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928
Pending beginning of year	0	0	0	0	0	6	4	1	1	0
Appealed	0	0	0	0	6	0	0	0	1	0
Total for disposition	0	0	0	0	6	6	4	1	2	0
Decisions for Commission	0	0	0	0	0	0	0	0	1	0
Decisions against commission	0	0	0	0	0	2	3	0	0	0
Certiorari denied Commission	0	0	0	0	0	0	0	0	1	0
Certiorari denied others	0	0	0	0	0	0	0	0	0	0
Total disposition during	0	0	0	0	0	2	3	0	2	0
Pending end of year	0	0	0	0	6	4	1	1	0	0

CUMULATIVE SUMMARY, TO JUNE 30, 1928

Appealed to June 30, 1928		7
Decisions for commission	1	
Decisions against commission	5	
Petitions by commission denied	1	
Total disposition to June 30,1928		7
Pending June 30,1928		0

TABLE 13.--*Interlocutory, mandamus, etc.--Rehearing, modification, etc.--Lower courts*

	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928
Pending beginning of year	0	0	0	0	0	0	0	0	0	0
Appealed	0	0	0	0	0	0	0	0	0	2
Total for disposition	0	0	0	0	0	0	0	0	0	2
Decisions for commission	0	0	0	0	0	0	0	0	1	0
Petitions by commission denied	0	0	0	0	0	0	0	0	0	1
Total disposition during year	0	0	0	0	0	0	0	0	2	0
Pending end of year	0	0	0	0	0	0	0	0	0	0

CUMULATIVE SUMMARY--TO JUNE 30, 1928

Appealed		2
Decisions for commission	1	
Petitions by commission denied	1	
Total disposition		2
Pending June 30, 1928		0

TABLE 14.--*Interlocutory, mandamus, etc.--Rehearing, modification, etc.--Supreme Court of the United States*

	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928
Pending beginning of year	0	0	0	0	0	0	0	0	0	0
Appealed	0	0	0	0	0	2	0	0	0	0
Total for disposition	0	0	0	0	0	2	0	0	0	
Petitions by commission denied	0	0	0	0	0	2	0	0	0	0
Petitions by others denied	0	0	0	0	0	0	0	0	0	0
Total disposition during year	0	0	0	2	0	0	0	0	0	0
Pending end of year	0	0	0	0	0	0	0	0	0	

CUMULATIVE SUMMARY--TO JUNE 30, 1928

Appealed	2
Petitions by commission denied	2
Total disposition to June 30, 1928	2
Pending June 30, 1928	0

EXPORT TRADE SECTION

Foreign-trade work of the commission includes administration of the export trade act (Webb-Pomerene law) and inquiries under section 6(h) of the Federal Trade Commission act which directs the commission to "investigate, from time to time, trade conditions in and with foreign countries where associations, combinations, or practices of manufacturers, merchants, or traders, or other conditions, may affect the foreign trade of the United States."

This work is handled by the export trade section of the legal division.

OPERATION OF THE EXPORT TRADE ACT

The export trade act has completed 10 years of service to American exporters. Enacted in April, 1918, "to promote export trade," the law offers exemption from antitrust laws to an association "entered into for the sole purpose of engaging in export trade and actually engaged solely in such export trade" with the qualifying provisions that such an association may not (1) restrain the export trade of any domestic competitor of the association, (2) artificially or intentionally enhance or depress prices within the United States of commodities of the class exported by the association, or (3) substantially lessen competition within the United States or otherwise restrain trade therein.

Export associations organized under the law, file with the Federal Trade Commission copies of their organization papers and amendments thereto, and furnish such information as the commission may require as to their organization, business, conduct, practices, management, and relation to other associations, corporations, partnerships, and individuals. In case of violation of the law the commission may investigate and make recommendations for the readjustment of the association's business. In case of failure to comply with such recommendations the commission's findings may be referred to the Attorney General of the United States for further action.

One of the primary purposes of the law was to enable American exporters to operate in foreign markets on an equal footing with foreign combines. This has been accomplished through cooperative agreements stabilizing export prices, reducing selling costs, standardizing grades, contract terms and sales conditions, improving the quality of the products exported, and assuring buyers of prompt and efficient service in the filling of orders. The Webb law association

is also in a position to present a solid front to the buying combines which might otherwise play one exporter against another and beat the price down to an unprofitable basis. Many economies have been effected through operation under the law and many advantages reported by associations filing papers with the commission.

The organization and operation of a Webb law association are varied to meet the needs of the particular industry to be served. The two outstanding types are that of a company incorporated under State laws with stock issued to the combining members, and that of a more loosely drawn unincorporated association predicated upon agreements or articles of association. Various plans are adopted for the development of export trade and its apportionment among the members. In case of seasonal products, arrangements are made for warehousing abroad and distribution at regular intervals in order to prevent an oversupply at any one time and consequent low prices in foreign markets. In case of heavy cargo, consignments are consolidated and steamers chartered. Small orders are also combined and lower freight rates obtained thereby; for this reason the association office is usually located at an export center--New York, New Orleans, San Francisco, Portland, or Seattle. Member companies are scattered throughout the States. Offices and agencies of Webb law associations have been established in all parts of the world.

SUCCESS OF THE WEBB LAW

The commission is sometimes asked whether the export trade act has been a success. It is difficult to estimate the measure of success achieved, but producers and manufacturers throughout the country have reported that exportation of their products would be impossible without their organization under the provisions of the act. Webb law associations have shared with other exporters the handicaps presented by postwar conditions in Europe and internal revolutions and catastrophes in Latin America and the Orient, but they appear to have weathered the storm; comparatively few of them have gone out of business, and new associations are formed each year. The volume and value of their exports have increased annually, totaling in 1924, $140,000,000; in 1925, $165,000,000; in 1926, $200,000,000; and in 1927, $371,500,000.

EXPORTS DURING 1927 TOTALED $371,5000,000

A variety of commodities was exported by Webb law associations during 1927, including lumber and wood products to the amount of $35,400,000 (pine, fir, redwood, walnut, hardwoods, doors, plywood, wooden tools, barrel and box shooks, clothespins, and naval stores); metal and metal products to the amount of $180,000,000 (copper, zinc,

iron and steel products, machinery, railway equipment, pipes, valves, and screws); chemical products valued at $3,100,000 (caustic soda, Soda ash, liquid chlorine, soda pulp, paints and varnish); raw materials such as phosphate rock, crude sulphur, etc., to the amount of $15,200,000; manufactured products such as paper, abrasives, rubber, cotton goods and linters, buttons, and miscellaneous goods, to the amount of $84,800,000; and foodstuffs valued at $53,000,000 (milk, meat, sugar, corn products, flour, rice, canned salmon, and dried fruit).

NEW WEBB LAW ASSOCIATIONS

New associations formed during the fiscal year ending June 30, 1928, included:

American Soft Wheat Millers Export Corporation, comprising 33 flour millers in Pennsylvania, Maryland, Virginia, West Virginia, and Washington, D. C., with headquarters office at Washington.

Northwest Dried Fruit Export Association, comprising 24 packers and merchants of dried fruit in Washington, Oregon, and California, with headquarters at Portland, Ore.

South American Fruit Exporters (Inc.), comprising 7 exporters of fruit and fruits products in New York City.

American Rice Export Corporation, comprising 15 rice growers and millers in Louisiana and Texas, with headquarters at the "rice city," Crowley, La.

California Sardine Export Association, comprising 19 sardine packers in California, with offices at San Francisco and Los Angeles, Calif.

Steel Export Association of America, formed by the United States Steel Products Co. and the Bethlehem Steel Export Corporation, with headquarters office In New York City.

FIFTY-SIX EXPORT ASSOCIATIONS FILED PAPERS IN 1928

Fifty-Six export associations filed reports with the Federal Trade Commission during the first six months of 1928:

American Brake Beam Manufacturers Export Association, West Nyack, N. Y.
American Export Door Corporation, Washington Building, Tacoma, Wash.
American Locomotive Sales Corporation, 30 Church Street, New York City.
American Milk Products Corporation, 71 Hudson Street, New York City.
American Paper Exports (Inc.), 75 West Street, New York City.,
American Pitch Pine Export Co., 1605 Pere Marquette Building, New Orleans, La.
American Provisions Export Co., 140 West Van Buren Street, Chicago, Ill.
American Rice Export Corporation, Crowley, La.
American Soda Pulp Export Association, 200 Fifth Avenue, New York City.
American Soft Wheat Millers Export Corporation, 8261 K Street, NW., Washington, D.C.
American Spring Manufacturers Export Association, 921 Farmers' Bank Building, Pittsburgh, Pa.
American Surface Abrasives Export Corporation, 82 Beaver Street, New York City.

American Tire Manufacturers Export Association, 30 Church Street, New York City.
American Webbing Manufacturers Export Association, 395 Broadway, New York City.
Associated Button Exporters of America (Inc.), 320 Broadway, New York City.
Automatic Pearl Button Export Co. (Inc.), 301 Mulberry Avenue, Muscatine, Iowa.
California Dried Fruit Export Association, 1 Drumm Street, San Francisco, Calif.
California Sardine Export Association, 604 Postal Telegraph Building, San Francisco, Calif.
Cement Export Co., The, Pennsylvania Building, Philadelphia, Pa.
Chalmers (Harvey) & Son Export Corporation, rear 31 East Main Street, Amsterdam, N. Y.
Copper Export Association (Inc.), 25 Broadway, New York City.
Copper Exporters (Inc.), 25 Broadway, New York City.
Davenport Pearl Button Export Co., 1231 West Fifth Street, Davenport, Iowa.
Douglas Fir Exploitation & Export Co., 1125 Henry Building, Seattle, Wash.
Export Clothes Pin Association of America (Inc.), 280 Madison Avenue, New York City.
Exporters of Wood Products (Inc.), 96 Wall Street, New York City.
Export Screw Association of the United States, 101 Park Avenue, New York City.
Florida Hard Rock Phosphate Export Association, Savannah Bank & Trust Building, Savannah, Ga.
Florida Pebble Phosphate Export Association, 420 Lexington Avenue, New York City.
Goodyear Tire & Rubber Export Co., The, 1144 East Market Street, Akron, Ohio.
Gulf Pitch Pine Export Association, 1223 Whitney Bank Building, New Orleans, La.
Hawkeye Pearl Button Export Co., 601 East Second Street, Muscatine, Iowa.
Locomotive Export Association, 30 Church Street, New York City.
Naval Stores Export Corporation, 1429 Whitney Building, New Orleans, La.
Northwest Dried Fruit Export Association, 402 Security Building, Portland, Ore.
Pacific Flour Export Co., care of Centennial Mill Co., 506 Central Building, Seattle, Wash.
Phosphate Export Association, 420 Lexington Avenue, New York City.
Pioneer Pearl Button Export Corporation, 217 Mansion Street, Poughkeepsie, N. Y.
Pipe Fittings and Valve Export Association, Branford, Conn.
Producers Linter Export Co., 822 Perdido Street, New Orleans, La.
Redwood Export Co., 310 Sansome Street, San Francisco, Calif.
Rubber Export Association, The, 1213 Akron Savings & Loan Building, Akron, Ohio.
Salmon Export Corporation, 3301 Smith Building, Seattle, Wash.
South American Fruit Exporters (Inc.), 44 Water Street, New York City.
Steel Export Association of America, The, 25 Broadway, New York City.
Sugar Export Corporation, 113 Wall Street, New York City.
Sulphur Export Corporation, 33 Rector Street, New York City.
United Paint & Varnish Export Co., 601 Canal Road, Cleveland, Ohio.

United States Alkali Export Association (Inc.), 25 Pine Street, New York City.
United States Button Export Co., 701 East Third Street, Muscatine, Iowa.
United States Handle Export Co., The, Piqua, Ohio.
Walnut Export Sales Co. (Inc.), 616 South Michigan Avenue, Chicago, In.
Walworth International Co., 44 Whitehall Street, New York City.
Western Plywood Export Co., 1549 Dock Street, Tacoma, Wash.
Wisconsin Canners Export Association, Manitowoc, Wis.
Zinc Export Association, 61 Broadway, New York City.

PROPOSED LAW TO PERMIT IMPORT COMBINES

During the past year an attempt was made to broaden the scope of the export trade act by inserting an amendment which, without changing the existing law, would have added thereto provision for similar antitrust exemption to be granted to import combines for the purpose of importing into the United States crude rubber, potash, sisal, or other raw. materials or products of nature in a crude or unfinished state "which are certified by the Secretary of Commerce to be of a character not made, produced, or grown in substantial quantities within the United States, or to be controlled by any foreign government, combination, or monopoly." This proposed amendment was embodied in bills H. R. 8927 and 5.2312, introduced in Congress by Representative Newton and Senator Jones, respectively H. R. 8927 was favorably reported by the House Committee on the Judiciary, but failed of passage in the House of Representatives. The Senate bill was not voted upon.

TRUST LAWS AND UNFAIR COMPETITION IN FOREIGN COUNTRIES

Under Section 6(h) of the Federal Trade Commission act the commission follows unfair competition and trade restraint laws in foreign countries, and other conditions in international trade that may affect the foreign commerce of this country. Some of the more recent developments along this line are as follows:

INTERNATIONAL TRADE CONFERENCES

The Sixth International Conference of American States was held at Habana, Cuba, in January and February, 1928. The conference approved and signed 11 conventions, 62 resolutions, 7 motions and 4 agreements. A plan for the reorganization of the Pan American Union was adopted. The committee on public international law reported progress in its study of codification of international law and consideration of this subject was continued until the next conference. A code of private international law was presented by the commission of jurists and was accepted by 18 affirmative votes, with

some reservations by several countries; the United States delegation abstain from voting on the code. A plan for a uniform law on bills of exchange and other instruments of credit was presented and referred to the Inter-American High Commission. The committee on economic problems presented plans for revision of the trade-mark conventions, the organization of an inter-American chamber of commerce, and conferences to consider problems of immigration, standardization, uniformity of communication statistics and of consular fees. Reports were presented on treaties and on various social problems. Other subjects considered included intellectual cooperation, the problem of communications, economic use of international rivers, commercial aviation, frontier police, status of aliens, maritime neutrality, asylum, the obligation of States in the event of civil war, and the pacific settlement of international disputes. A plan for creation of a Pan American court of conciliation and mediation was referred to a committee for further study.

Work of the International Economic Conference at Geneva in May, 1927, has been continued by the economic consultative committee which met at Geneva in May, 1928. The subjects under discussion included methods by which statistics of industrial production and international trade may be improved, equal treatment of foreigners, interpretation and application of the most-favored-nation clause, revision of tariffs, and the convention for the abolition of import and export prohibitions and restrictions drafted at the diplomatic conference in the fall of 1927. In July, 1928, the last-named convention had been signed with some reservations by 28 countries, including the United States. No action was taken by the consultative committee with reference to the question of industrial agreements, but it was recommended that a special study be made by the economic organization of the League of Nations concerning--

(1) The subject matter and nature of international Industrial agreements and cartels and their Importance from the International economic standpoint.

(2) The status and juridical form of these agreements and cartels and the legislation applicable to them.

(3) The measure of publicity given to them.

The International Chamber of Commerce was represented at the Geneva meeting of the economic consultative committee and presented a number of resolutions on the subjects outlined above. The inter-Rational chamber was also represented at the Third General Conference on Communications and Transit meeting in Geneva in August and September, 1927; the Universal Postal Union Conference on Air Mails meeting at The Hague in September, 1927; the Inter-Rational Railway Union in Brussels in April, 1928; the Congress of the Baltic and International Maritime Conference in Hamburg

in May, 1928; the International Shipping Conference in London June, 1928; the general meeting of the “Comite Consultatif International des Communications Telephoniques a Grande Distance Paris in June, 1928; and the Congress of the International Association for the Protection of Industrial Property at Rome in May, 1928. Arrangements have been made for the fifth congress of the International Chamber of Commerce to be held in Amsterdam July, 1929.

The International Association for the Protection of Industrial Property, meeting in Rome in May, 1928, considered among other subjects:

(1) Reservation of the rights of third parties, under article 4 of the convention;
(2) Independence of trade-marks, assignment of trade-marks, and a plan for international classification of trademarks;
(3) International classification of patents and adoption of a system of licensing as a substitute for provisions now in existence under the working clauses of patent laws;
(4) Application of the Madrid agreement against false indications of origin in the various countries of the Union, with emphasis on the importance of protecting geographical appellations; and
(5) Protection of broadcasting against unfair competition.

CANADIAN COMBINES INVESTIGATION ACT

In October, 1927, final report was made by the commissioners appointed under the Canadian combines investigation act to investigate the operation of the Canadian Proprietary Articles Trade Association. The association was charged with restraint of trade and enhancement of prices through resale price agreements. The commissioner found it to be in control of the entire Canadian trade in nationally advertised proprietary medicines and toilet articles, and “an association which has operated and is likely to operate to the detriment of and against the interest of the public." Immediately after the publication of this report the association withdrew its stop list and ceased operations.

Legislation has been enacted by the Ontario Legislature providing for regulation of the sale of fruit and vegetables on consignment and requiring that records shall be kept and shippers notified regarding sales of their products. This action is a result of recommendations in a report issued in 1926, under the combines investigation act, disclosing certain marketing conditions and practices found to be judicial to the interests of growers and consumers of fruits and vegetables in Ontario.

BRITISH COMPANIES ACT OF 1928, THE MERCHANDISE MARKS ACT, AND GOVERNMENT EXPORT CREDIT INSURANCE

The new British companies act, passed in 1928, includes "blue-sky " provisions designed to protect the interests of investors. The law applies not only to prospectuses and offers of sale in the case of British companies, but also to those of foreign companies, and heavy fines may be imposed upon newspaper proprietors, printers, advertising agents, and others who are found to be parties to a violation of the act in connection with securities and shares of foreign companies. In addition to information required by prior legislation, each prospectus now issued to "any member of the public" shall give

(a) The rights as regards dividend, capital, and voting of all different classes of shares.
(b) The profits for each of the three preceding years of the company or of any business which is to be acquired.
(c) Particulars of the dividends paid on each class of shares for each of the preceding years.

Other information required includes the place and date of incorporation, the authorized and issued share capital, the amount of debentures outstanding and rate of interest, names and addresses of directors, and wh ether the shares or securities are quoted or dealt in on any recognized stock exchange. When shares are offered, the company must state the minimum amount which in the opinion of the directors must be raised to provide the purchase price of any property to be acquired, the preliminary expenses and underwriting commission, and the working capital. "Haw king" of shares from house to ho use is made a criminal offense, but a business office is not to be construed as a house. The hawking", clause was made effective at once. Other portions of the act will come into Operation upon issuance of an order in council, and a consolidation act may be passed in order to enforce the law. The courts will be given power to cancel any contract made in breach of the law.

Section 2 of the British merchandise marks act of 1926, effective on June 15, 1927, provides that in case of complaint to the effect that the trade of the United Kingdom would be prejudiced by the importation or sale of certain goods for use and consumption in the Kingdom, without an indication of the origin of the goods, the British Board of Trade may appoint a committee to make an inquiry into the matter, and after report confirming such impending prejudice, an order in council may be issued prohibiting the sale or exposure for sale in the United Kingdom of imported goods of that class or description unless they bear an indication of origin. During

1927 orders in council were issued covering importation and sale of gold and silver leaf, woven labels, wire netting and woven wire, mill bobbins, felt hats and felt-hat hoods, iron and steel wire and wire nails and staples, brass water taps and metal fittings, cabinet furniture of metal (not including locks), furniture castors, braces or belt buckles, and tires or tubes. In 1928 orders in council have been recommended by committees which would require indications of origin on the following imported products: Apples and pears, enamel zinc sheets, cast-iron enamel baths, toothbrushes and shaving brushes, and electric incandescent lamps. A number of inquiries are pending before committees appointed under the provisions of the act.

A report on operation of the British Government Export Credit Insurance, since its organization in July, 1926, was presented to the House of Commons in April, 1928, by a committee appointed for that purpose. The report states that the credit insurance scheme ha s proved of great practical value in the development of export trade of the United Kingdom, Insurance to the amount of £2,923,500 was placed by the Export Credits guaranty department up to and including March, 1928, and applications are rapidly increasing the advantage to British exporters lies in the fact that although other British institutions offer insurance against loss arising through actual insolvency of the foreign importer, the Government credit, department offers a policy which guarantees payment of the amount insured as soon as the corresponding bills are presented for nonpayment.

SWEDISH MONOPOLY LAW--THE SWEDISH MATCH TRUST

Under the Swedish act for the investigation of monopolistic enterprises and combines, 1925, an investigation has been made as to the influence of the Swedish Milling Trust on the prices and marketing condition s of bread cereals and other cereals.

During the past year the Swedish Match Trust obtained 25-year monopolies in Latvia and Ecuador and entered into an agreement with the Estonian Government for exclusive manufacture and sale of matches in that country for 28 years, the company to take over government bonds and to pay stipulated sums in proportion to the out put. It is said that the trust may float a loan for the Hungarian Government in return for similar privileges in that country. In Germany, however, a bill was passed by the Reichstag in 1927 under which German match factories should operate under government license, the purpose said to be to oppose invasion of the Swedish Trust which has obtained control of the German match production.

THE GERMAN CARTEL COURT

In a decision in 1927 by the German Cartel Court, it was held that a member of the Drahtverband or syndicate of wire manufacturers was not justified in withdrawing from the syndicate and abrogating its agreement to abide by the quota apportionment allotted to it. The member comp any had insisted upon a larger quota and sold directly to the trade in violation of regulations of the syndicate; its contention that the syndicate was not in a position to market its products was not upheld by the court. The syndicate contended that overproduction and insufficient domestic demand had resulted in a slow market and it was therefore impossible to grant the member's demand for an increased quota.

UNFAIR COMPETITION LAW OF CZECHOSLOVAKIA

The unfair competition law of Czechoslovakia. was enacted in July, 1927, effective on January 28, 1928. This law provides that--

> Whoever, in the course of economic intercourse through an act calculated to injure a competitor gets into conflict with the moral standards of competition, may be sued to cease and desist such act and to remove the objectionable conditions caused by it; however, if he know or should have known that his act was likely to injure a competitor, he may be sued also for compensation of the injury caused thereby.

In cases involving violation of the above-quoted clause, or involving unfair advertising, false indications of origin, or commercial bribery, a competitor or any agency authorized by statute to safeguard the economic interests of competitors, may bring a civil suit for an order to cease and desist. In case of disparagement of a competitor's business, false use of marks of identification, divulging of business secrets, or unfair use of a competitor's employees, suit must be brought by one directly affected by the act. Certain violations are punishable as criminal acts by fine not to exceed 50,000 crowns, or by imprisonment not to exceed six months. Provision is made for further decrees establishing special boards for the settlement of cases involving unfair competition by arbitration proceedings.

FRENCH BILL FOR THE SUPPRESSION OF FRAUD

Early in 1928 the French Government submitted to Parliament a bill for the suppression of fraud in the manufacture and sale of soaps. This law if enacted would prohibit the labeling as "pure" all soap containing more than 5 per cent of rosin, and would prevent the sale under the name of soap of any product other than that resulting from the treatment when heated of oil fats by an alkaline lye and con-

taining as a result of the process a minimum of 35 per cent of hydrated acid fats.

SPANISH GOVERNMENT PETROLEUM MONOPOLY-NATIONALIZATION OF THE AUTOMOBILE INDUSTRY PROPOSED

In A royal decree signed by the King of Spain in June, 1927, a Government petroleum monopoly was established, with the provision that a corporation shall be formed composed entirely of Spanish subjects, with Spanish capital only, which shall control the importation, industrial manipulation of all kinds, warehousing, distribution, and sale of liquid mineral fuels and by-products thereof. The monopoly corporation shall take over all works, depots, distributing offices, street pumps, and other installation intended for the importation, manufacture, warehousing, and distribution of petroleum product in Spain, and shall pay therefor the industrial value of the properties, as determined by a jury composed of three representatives of the Spanish Government, one representative of the monopoly corporation, and one representative of the party whose property is to be expropriated. The Spanish Government will own 30 per cent the shares of the stock in the monopoly corporation.

Nationalization of the automobile industry is also contemplated. Roy al decrees issued in 1927 and 1928 provide for the creation of an automobile commission and the "Caja del Motor y del Automovil des Estado," which will be controlled by a. permanent delegate of the president of the supreme court of the public treasury. A fund of 5,000,000 pesetas has been appropriated by the Government, to which will be added income derived from taxes placed upon the manufacture, importation, and sale of automobiles within the country Manufacturers having contracts with the Government will be allowed advances, and subsidies may be granted "to help the nationalization of the industry."

ITALIAN DECREE TO ENCOURAGE INDUSTRIAL COMBINATION

In order to encourage industrial combination in Italy a royal decree was issued in June, 1927, which grants a reduction in taxes to mergers effected by companies that are already in existence.

CUBAN SUGAR DEFENSE LAW-INTERNATIONAL SUGAR CONVENTIONS

The sugar defense law of Cuba was passed on October 4, 1927, pro viding for the establishment of a national sugar defense commission and ado Cuban sugar export company to dispose of surplus production. On February 14, 1928, a decree was passed providing for calculation of an average price by a "fiscalization committee of average

prices," to be headed by the Secretaries of Agriculture, Commerce, and Labor. In March, 1928, another decree was issued, under which the crop for that year should be limited to 4,000,000 tons, this amount to be apportioned between the various mills in the form; of quotas. In the meantime, in November, 1927, representatives of the Cuban Government met in Paris with representatives of sugar industries in Czechoslovakia, Germany, and Poland, and entered into the "Paris convention," under which Cuba agreed to reduce her production in 1927-28, in exchange for which the European parties agreed to make every possible effort to increase consumption of sugar in their respective countries in order to reduce the amount to be exported. The conference was held too late in the season to regulate the beet-sugar crop for 1927-28, but as to the 1928-29 crop, the European representatives agreed to reduce if necessary in order to prevent overproduction during that year. A further conference was agreed upon, to be held in October, 1928, at which time further agreements might be made for restriction and disposition of surplus. The Paris convention was ratified by the German, Czechoslovakian, and Polish representatives at Berlin on November 80, 1927, and on December 26 the Belgian sugar manufacturers joined the convention. It is said that Hungarian and Dutch interests may also join. Conferences have been held in Amsterdam with representatives of the Javan industry and in Habana with sugar producers of Peru, Brazil, Argentina, and Santo Domingo, and an attempt will be made to bring all of these interests into further agreements between Cuban and European interests.

DOMINICAN SUGAR DEFENSE COMMISSION

A national commission for the defense of sugar was created by decree in the Dominican Republic in November, 1927. The first step taken by the commission was to prohibit the production of sugar in the Republic beyond a maximum capacity of the centrals which were established at the time of the enactment of the decree.

VALORIZATION OF SUGAR AND COFFEE IN BRAZIL

Sugar valorization in. Brazil was continued in 1927 under a plan which included cooperative selling, a guaranteed price, and an apportionment of 15 per cent of the production for export. The Government supported this plan by granting a reduction. of the export tax to 2 per cent ad valorem instead of the established 8 per cent.

In December, 1927, a decree was enacted under which the Brazilian Government is given broad powers to control interstate and foreign commerce in coffee. The Government is authorized to fix monthly

the quota of coffee exportable from each State, to prescribe the exportation of any additional amount, to make all exportation contingent upon previous authorization, to prevent exportation of adulterated, painted, or mixed coffees; and to compel the marking of all coffee to show the state of origin and type. This law will take the place of the coffee defense scheme previously in effect, which included regulation by interstate agreements, but was found to be ineffective because there were no means to compel acceptance by refractory coffee producers without a Federal law embracing the entire industry.

CHILEAN NITRATE SUBSIDY

In the Chilean nitrate industry restriction of production was abandoned in 1927. But in order to meet the competition of German producers of synthetic nitrogen, the Chilean Government announced in May, 1928, that a subsidy of £250,000 would be paid to Chilean producers, based upon their output for the first quarter of 1928; and in the case of a reduction in the price of synthetic nitrogen by German producers for the year commencing July 1, 1928, the Chilean Government would pay to producers in Chile a sum equal to the German reduction. In the case of contracts entered into before the German price is announced the Chilean producers will be required to pass the reduction on to their buyers, but in the case of contracts entered into after the German announcement the bonus may be retained by the nitrate producers.

SALVADOR COMPANY LAW

Under the law for the control of commercial establishments enacted in Salvador in June, 1927, a national commercial registration office is created to which every person who has a commercial establishment in the country (provided the value exceeds $150) must apply for registration. The chief of commercial registration is empowered to examine the books or papers of any firm on the registry and to cancel the registration "when a merchant commits a grave fault such as an unjustified failure in payments, the rejection of orders without proper cause, etc." In case of cancellation or suspension from the registry the collector of customs will be instructed to prevent delivery of any merchandise shipped to the offending merchant through the customs, such merchandise to be held at the disposal of the shipper. The purpose of the law is said to be the suppression of questionable methods of trading and improvement of general commercial standards in Salvador.

ANTITRUST LAW PROPOSED IN URUGUAY

An antitrust law has been drafted in Uruguay which would prohibit, under penalty of punishment, destruction of products for the purpose of increasing prices, closing down works against compensation, or purchase of shares for the purpose of establishing a monopoly in foodstuffs.

FOREIGN TRADE COMPLAINTS

Also under section 6(h) of the Federal Trade Commission act, the commission cooperates with the United States Department of State, the Commerce Department, and other agencies, in investigating complaints involving the practices of American exporters and importers which may affect the foreign trade of this country.

Such a case is usually reported in the first instance to the American consul abroad. It may involve allegations of misrepresentation of goods, quality below sample or order, short shipment, delay or failure to ship, spoilage or breakage en route, overcharge, failure to reply to inquiries, and other factors resulting in strained relations between American and foreign traders. If it is found that an inquiry in the States is necessary, the commission may be asked to interview the American parties and to obtain such facts as are available to substantiate or refute the allegations of the foreign complainant. The commission's inquiries are made informally, without publicity, and in most cases do not result in unfair competition procedure.

The consuls report that a small complaint against an American firm may make a loud noise and cause much damage to the prestige of American goods in a foreign market, especially in those markets where American products are not well established. The facts brought out by the commission's inquiry, coupled with an inspection report submitted by the consul, frequently lead to a better understanding and an amicable adjustment of the dispute by the parties thereto, and put an end to anti-American sentiment abroad. The laboratories of the United States Bureau of Standards and other scientific agencies have given valuable service in testing returned samples of products said to be defective; and the arbitration committees of the chambers of commerce and other commercial organizations have cooperated in those cases where the parties agreed to submit their disputes to arbitration. A reciprocal service is extended by the consuls in case of complaint by an American against a foreign trader.

During the past year 97 foreign trade complaints were under investigation by the export trade section, of which 55 were completed and 42 were still pending on July 1st.

These cases involved the following *imports into the United States*: Flour and fish from Canada, antiques and prints from England,

sesame oil from France, wood pulp and beaded bags from Germany, autographs from Italy, stamps from Persia, skins and hides from Arabia, and curios from India; and the following *exports from the United States*: Automobile parts, musical instruments, toothpick machinery, brick-making machines, and eggs to Argentina; auto mobiles, flour; hosiery, and novelties to Brazil; razor sharpeners and cork disks to Chile; automobiles and cotton goods to Peru; inner tubes to Ecuador; miscellaneous merchandise to Colombia; bicycle parts to San Salvador; lumber, enameled tanks, motor accessories, sponges, hosiery, and cotton goods to Australia; radio equipment and adding machines to New Zealand; fire extinguishers and mantles to the Straits Settlements; tires, engines, bicycle part; films, oil, and cotton thread waste to Japan; shrimps to China, pipe fittings to India; aircraft parts, barrel staves, ice machines, velocipedes, and shoes to South Africa; wagons to Mexico; hosiery and clothing to Cuba; fuel oil to Canada; jute bags, persimmon logs, lumber, and cotton to England; radio equipment, leather, and tiles to Belgium; hams and canned lobster to France; machines, lumber, and hosiery to Germany; automobile parts to Denmark;' bearings to Norway; typewriters and cotton to Sweden; oil to Holland; lumber to Spain; leather and cotton goods to Greece; automobile equipment to Serbia; automobile parts and cotton remnants to Syria; and rubber belts to Persia.

ADMINISTRATIVE DIVISION

PERSONNEL

On June 30, 1928, the commission consisted of William E Humphrey, of Washington, chairman; Abram F. Myers, of Iowa; Edgar A; McCulloch, of Arkansas; G. S. Ferguson, jr., of North Carolina; and C. W. Hunt, of Iowa.

The term of office of Commissioner John F. Nugent, of Idaho, expired September 25, 1927, Mr. Garland S. Ferguson, jr., of North Carolina, under date of November 12, 1927, was given a recess appointment to fill the vacancy, taking the oath of office and entering upon duty November 14, 1927; On December 17, 1927, the President sent to the United States Senate the nomination of Mr. Ferguson to be a Federal trade commissioner for a term of seven years from September 26, 1927. The nomination was confirmed January 4, 1928, and Mr. Ferguson took the oath of office and entered upon duty under the new commission January 9, 1928.

Under date of June 11, 1928, the President appointed Abram F. Myers, of Iowa, a Federal trade commissioner for a term of seven years from September 26, 1928, as a recess appointment, under which Mr. Myers took the oath of office June 19, 1928, succeeding himself.

Mr. William E. Humphrey was elected chairman of the commission for the year December 1, 1927, to November 30, 1928, succeeding C. W. and Abram F. Myers was elected vice chairman for the same period.

The personnel of the commission at the close of the year ended June 30, 1928, consisted of five commissioners and 344 employees, with a total pay roll of $918,980, which included $50,000 for the salaries of the commissioners, leaving a pay roll of $868,980 for the 344 employees. During the year 89 employees entered the service and 33 left the service of the commission. Of the total personnel of 349, including the commissioners, at the close of June 30, 1928, 189 were under the civil-service appointment and 155 employees and 5 commissioners held excepted positions.

At the close of the fiscal year the commission had 57 employees who have had United States naval or military service. The total number of women employees was 122. The total number of employees coming under the provisions and benefits of the retirement law at the close of the fiscal year was 193. The amount of money deducted during the fiscal year from the salaries of employees subject to the provisions of the United States civil service retirement law amounted to $14,515.62. Of the grand total of the personnel of 344 employees, 206 were administrative employees, 82 attorneys, 29 economists, and 27 accountants.

PUBLICATIONS

The following publications were issued during the year:

Annual Report for the Fiscal Year Ended June 30, 1927; issued December 5, 1927; 224 pages.

Stock Dividends (in response to S. Res. 304, 69th Cong., 2d sess.; printed as S. Doc. 26); issued December 5, 1927; 273 pages.

Petroleum Industry--Prices, Profits, and Competition (in response to S. Res. 31, 69th Cong., 1st sess.; printed as S. Doc. 61); issued December 12, 1927; 860 pages.

Rules of Practice and Procedure, amended; issued January 1, 1928; 16 pages.

Competition and Profits in Bread and Flour (in response to S. Res. 163, 68th Cong., 1st sess.; printed as S. Doc. 98); issued January 11, 1928; 50 pages.

Supply of Electrical Equipment and Competitive Conditions--second and concluding volume of report on the electric-power industry (in response to S. Res. 329, 68th Cong., 2d sess.; printed as S. Doc. 46); issued January 12, 1928; 282 pages.

Panhandle Crude Petroleum; issued February 3, 1928 ; 19 pages.

Cotton seed Industry (in pursuance of H. Res. 439, 69th Cong., 2d sess; printed as H. Doc. 193); issued March 5, 1928; 37 pages.

Trade Practice Conferences; issued March 15, 1928; 82 pages.

Cooperative Marketing (in response to S. Res. 34, 69th Cong., special sess.; printed as S. Doc. 95); issued April 30, 1928; 721 pages.

Utility Corporations No. 1--a monthly report on the Electric Power and Gas Utilities Inquiry (in response to S. Res. 83, 70th Cong., 1st sess.; printed as S. Doc. 92); issued March 15, 1928; 46 pages.

Utility Corporations No. 2--a monthly report on the Electric Power and Gas Utilities Inquiry (in response to S. Res. 83, 70th Gong., 1st sess.; printed as S. Doc. 92); Issued April 16, 1928; 185 pages.

Utility Corporations No. 3--a monthly report on the Electric Power and Gas Utilities Inquiry (in response to S. Res. 83, 70th Cong., 1st sess.; printed as S. Doc. 92); Issued May 15, 1928; 571 pages.

Utility Corporations No. 4--a monthly report on the Electric Power and Gas Utilities Inquiry (in response to S. Res. 83, 70th Cong., 1st sess.; printed as S. Doc. 92); issued June 15, 1928; 637 pages.

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

FISCAL AFFAIRS

Appropriations available to the commission for the fiscal year ended June 30, 1928, under the executive and sundry civil act approved February 11, 1927, amounted to $984,350. This sum was made up of three separate items: (1) $50,000 for salaries of the commissioners, (2) $917,850 for the general work of the commission, and (3) $16,500 for printing and binding.

Expenditures and liabilities for the year amounted to $968,465.15, which leaves a balance of $15,884.85. This represents a balance (1) of $1,361.12 in salaries for commissioners and (2) $14,523.73 in the lump sum appropriation.

The appropriations; expenditures, liabilities, and balances are tabulated as follows:

Appropriations, expenditures, liabilities, and balances

	Amount available	Amount expended	Liabilities	Expenditures and liabilities	Balances
Federal Trade Commission, 1928:					
Salaries, commissioners	$50,000.00	$48, 638. 88		$48,638.88	$1,361.12
Printing and binding	16,500.00	9,748.34	$6,753.66	16,500.00	
All other authorized expenses	917,850.00	885,724.79	17,601.48	903,326.27	14,523.73
Total, fiscal year 1928	984,350.00	944,110.01	24,355.14	968,465.15	15,884.85
Unexpended balances:					
1927	59,689.08	23,370.63			36,324.61
1926	11,385.46	131.03			11,254.43
1923		Cr. 626.62			
1922		Cr. 515.51			
Total	1,055,424.54	966,469.54			63,443. 89

Statement of costs for the fiscal year ended June 30, 1928

	Office	Field	Total
Administrative	$267,745.61	$237.94	$267,983.55
Economic	223,550.58	25,573.72	249,124.30
Legal: Chief counsel	136,249.64	21,058.39	157,308.03
Chief examiner	164,878.93	34,371.96	199,250.89
Board of review	30,695.72		30,695.72
Export trade	216.67	.01	216.68
Trial examiner	41,403.33	5,622.14	47,025.47
Trade practice conference	13,052.51	1,733.97	14,786.48
Grand total	877,792.99	88,598.13	966,391.12

Detailed statement of costs for the fiscal year ended June 30, 1928

Item	Office	Field
Annual leave	$67,246.54	
Application for complaints	44,117.35	$11,572.12
Bluesky securities	7,294.04	2,505.47
Board of review	27,711.11	
Bread inquiry, S. Res. No.163	3,247.41	
Chain-stores inquiry, S. Res. No.224	439.18	
Communications	3,572.23	
Complaints, formal	96,892.37	22,074.52
Computing machine work	71.12	
Cooperative associations, S. Res. No.34	31,620.45	11,825.34
Cottonseed, H. Res. No.439	1,760.74	1,328.31
Docket section	17,041.24	
Drafting complaints	4,025.28	
Du Pont investments	3,055.28	1,020.63
Economic supervision	24,532.81	
Electric power industry, S. Res. No.329	7,079.20	58.50
Equipment	10,593.65	
Export trade	6,355.35	909.63
Fiscal affairs	11,082.86	
General administration, commissioners, etc	82,495.10	237.94
Heat and light	140.90	
labor	3,207.68	
legal supervision	60,135.97	512.72
library	5,208.06	
Mail and file section	8,335.50	

Medical attendant	1,434.01
Messengers	10,153.42
Military leave	914.82
Miscellaneous	262.84
Miscellaneous economic	1,154.99
Miscellaneous legal	1,416.16

Detailed statement of costs for the fiscal year ended June 30, 1928--Continued

Item	Office	Field
Open-price associations, S. Res. No. 28	$40,948.07	7,867.13
Personnel section	8,888.21	
Petroleum prices, S. Res. No. 31	9,869.34	1 .13
Power and gas inquiry, S. Res. No.83	28,986.83	8,635.96
Preliminary inquiries	36,018.64	9,429.66
Price bases	20,966.55	2,312.10
Printing and binding	12,055.38	
Publications section	14,404.97	
Purchases and supplies	5,344.28	
Rents	8,345.80	
Repairs	184.66	
Resale price maintenance	31,228.88	6,542.76
Sick leave	14,664.12	
Stenographic section	59,506.69	
Stipulations	5,088.68	31.50
Stock dividends, S. Res. No.304	13,161.55	
Study of procedure	489.85	
Supplies	12,964.43	
Time excused by the Executive or commission's order	1,499.24	
Trade practice conference	9,224.71	1,733.97
Transportation of thin	266.16	
Virginia independent Men's Association	179.29	
Witness fees	909.00	
Total office expenses	877,792.99	88,598.13
		877,792.99
Total cost		966,391.12

1 Credit.

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

Total cost for the year ended June 80, 1928	$966,391.12
Less transportation Issued	27,905.82
New total	938,485.30
Plus transportation paid	27,984.24
Expenditures for the year ended June 80, 1928	966,469.54

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

Year	Appropriations	Expenditures	Balance
1915	$184,016.23	$90,442.05	$93,574.18
1916	430,964.08	379,927.41	51,036.67
1917	567,025.92	472,501.20	94,524.72
1918	1,608,865.92	1,452,187.32	156,678.60
1919	1,753,530.75	1,522,331.95	231,198.50
1920	1,305,708.82	1,120,301.32	185,407.80
1921	1,032,005.67	938,664.69	93,340.89
1922	1,026,150.54	956,116.50	70,034.04
1923	974,480.32	970,119.66	4,360.66
1924	1,010, 000.00	977,018.28	32,981.72
1925	1,010,000.00	1,008,998.80	1,001.20
1926	1,008,000.00	996,745.58	11,254.42
1927	997,000.00	960,675.39	36,324.61
1928	984,350.00	968,465.15	15,884.83

LIBRARY

The library has a collection of more than 25,000 books, pamphlets, and bound periodicals devoted largely to the subjects of law, economics, and industries. In addition are extensive files of clippings, leaflets, etc. The distinctive features of the economic collection are the files relating to corporation and trade association data and files of trade periodicals for the more important industries. There is a function peculiar to the commission's library in the character of work it performs, and that is in the material it gathers in the form of pamphlets, corporation reports, association records, current financial and statistical services, catalogues, and trade lists which are not ordinarily found in libraries of even a technical character. The greater amount is furnished gratuitously. This material furnishes a valuable adjunct to the investigatory work and is adapted to furnish leads to examinations rather than to complete and substantive information on the subject matter. The law collection consists chiefly of the various national and regional reporter systems and the more important encyclopedias and reference books that are commonly found in law libraries. The distinctive feature is a file of records and briefs of antitrust cases which were acquired without expenditure. Care is exercised to limit the purchase of books and periodicals to supply only those needed constantly and immediately in the commission's work. The commission is far removed from other Government libraries and must have available sufficient volumes to answer the ordinary requirements of the legal and economic force. The Library of Congress and the department libraries are freely drawn upon to supplement the commission's limited collection.

EXHIBITS

EXHIBITS

EXHIBIT 1

PROCEDURE AND POLICY

POLICY IN PURELY PRIVATE CONTROVERSIES

On March 17, 1925, the commission announced changes in its rule of procedure and policies as follows (as amended September 17, 1928):

"Hereafter it shall be the policy of the commission not to entertain proceedings of alleged unfair practices where the alleged violation of law is a purely private controversy redressable in the courts except where said practices substantially tend to affect the public. In cases where the alleged injury is one to a competitor only and is redressable in the courts by an action by the aggrieved competitor and the interest of the public is not substantially involved, the proceeding will not be entertained."

In accordance with the foregoing the commission amended paragraph 3, of subdivision 2, of the Rules of Practice, headed "II. Complaints," by inserting: After the word "jurisdiction" the following: "and if it shall appear to the commission that a proceeding by it in respect thereof would be to the interest of the public."

SETTLEMENT OF CASES BY STIPULATION

The commission also adopted the following as its policy in the handling and settlement of cases:

"The end and object of all proceedings of the Federal Trade Commission is to end all unfair methods of competition or other violations of the law of which it is given jurisdiction. The law provides for the issuance of a complaint and a trial as procedure for the accomplishment of this end. But it is also provided that this procedure shall be had only when it shall be deemed to be in the public interest, plainly giving the commission a judicial discretion to be exercised in the particular case.

"It has been contended that the language of the statute using the word 'shall' is mandatory, but in view of the public interest clause no member of the commission as now constituted holds or has ever held that the statute is mandatory. Hence, the proposed rule for settlement of applications for complaint [by stipulation] may be considered on its merits.

"If it were not for the public-interest clause it might appear that the statute would be mandatory. It remains to determine what effect the public interest clause has. In the interest of economy and of dispatch of business as well as the desirability of accomplishing the ends of the commission with as little harm to respondents as possible [therefore], all cases should be so settled where they can be except where the public interest demands otherwise.

"But when the very business itself of the proposed respondent is fraudulent, it may well be considered by the commission that the protection of the public demands that the regular procedure by complaint and order shall prevail. Indeed, there are some cases where that is the only course which would be of any value at all. As for instance the so-called 'blue-sky cases' and all such where the business itself is inherently fraudulent or where a business of a legitimate nature is conducted in such a fraudulent manner that the commission is warranted in the belief

that no agreement made with the proposed respondent will be kept by him.

"The rule shall be that all cases shall be settled by stipulation except when the public interest demands otherwise for the reasons set forth above."

ON AFFORDING PROSPECTIVE RESPONDENTS OPPORTUNITY TO SHOW CAUSE COMPLAINT SHOULD NOT ISSUE WHY

The commission also adopted a rule providing for hearings by proposed respondents before a complaint is issued, reading as follows (as amended June 18,1927):

"Except as hereinafter provided, the board of review, before it shall recommend to the commission that a complaint issue in any case, shall afford the proposed respondent a hearing to show cause why a complaint should not issue, such hearing shall be informal in character and shall not involve the taking of testimony. The proposed respondent shall be permitted to make or submit such statements of fact or law as he shall desire. The extent and control of such hearing shall rest with a majority of the board. The respondent shall have three weeks' notice of the time and place of hearing, to be served on the respondent by the secretary of the commission.

"*Provided*, That if in any case the majority of the board shall be of opinion that a hearing is not required because (a) the respondent has been fully interviewed and has given to the examiner every fact or argument that could be offered as a defense, or (b) the practice has been fully established and is of such character that in the nature of the case nothing could be adduced in mitigation, or (c) to delay the issuance of a complaint to afford a hearing might result in a loss of jurisdiction, or (d) otherwise unnecessary or incompatible with the public interest, the board may transmit the case to the commission, via the docket section, with its conclusions and recommendations, without a hearing, as in this rule provided."

ON PUBLICITY IN THE SETTLEMENT OF CASES

On April 80, 1925, the commission adopted a rule and issued a statement regarding publicity, as follows:

"From and after this date, in the settlement of any matter by stipulation before complaint is issued, no statement in reference thereto shall be made by the commission for publication. [1] After a complaint is issued, no statement in regard to the case shall be made by the commission for publication until after the final determination of the case.

"After a complaint has been issued and served the papers in the case shall be open to the public for inspection, under such rules and regulations as the secretary may prescribe."

It has been the rule, which is now abolished, to issue a statement upon the filing of a complaint, stating the charges against a respondent.

Concerning the withholding of publicity where cases are settled by stipulation without complaint, the custom has always been not to issue any statement, The so-called applicant or complaining party has never been regarded as a party in the strict sense. The commission is not supposed to act for any applicant, but wholly in the public interest. It has always been and now is the rule not to publish or divulge the name of an applicant or complaining party, and such party has no legal status before the commission except where allowed to intervene as provided by the statute.

ON DEALING WITH UNFAIR COMPETITION THROUGH TRADE-PRACTICE CONFERENCES

The trade-practice conference affords, broadly stated, a means through which representatives of an industry voluntarily assemble, either at their own instance or that of the commission, but

under the auspices of the latter, for the purpose of considering any unfair practices in their industry, and collectively agreeing upon and providing for their abandonment in cooperation with and with the support of the commission.

This procedure deals with an industry as a unit. It is concerned solely with practices and methods, not with individual offenders. It regards the industry as occupying a position comparable to that of "friend of the court" and not as that of the accused. It wipes out on a given date all unfair methods condemned at the conference and thus places all competitors on an equally fair

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1 The commission does, however after omitting the names of the proposed respondents, make public digest of cases in which it accepts stipulations of the facts and agreement to cease and desist.

competitive basis. It performs the same function as a formal complaint without bringing charges, prosecuting trials, or employing any compulsory process, but multiples results by as many times as there are members in the Industry who formerly practiced the methods condemned and voluntarily abandoned.

The beneficial results of this form of procedure are now well established, and the commission is always glad to receive and consider requests for the holding of trade-practice conferences.[2]

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[2] The commission has prepared and -published for public distribution a pamphlet entitled "Trade Practice Conferences," In which the history, theory and working of this procedure and the various traded-practice conferences theretofore held by the commission are described.

EXHIBIT 2.

FEDERAL TRADE COMMISSION ACT.

AN ACT To create a Federal Trade Commission, to define its powers and duties, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That a commission Is hereby created and established, to be known as the Federal Trade Commission (hereinafter referred to as the commission), which shall be composed of five commissioners, who shall be appointed by the President, by and with the advice and consent of the Senate. Not more than three of the commissioners shall be members of the same political party. The first commissioners appointed shall continue in office for terms of three, four, five, six, and seven years, respectively, from the late of the taking effect of this act, the term of each to be designated by the President, but their successors shall be appointed for terms of seven years, except that any person chosen to fill a vacancy shall be appointed only for the unexpired term of the commissioner whom he shall succeed. The commission shall choose a chairman from its own membership. No commissioner shall engage In any other business, vocation, or employment. Any commissioner may be removed by the President for inefficiency, neglect of duty, or malfeasance in office. A vacancy in the commission shall not impair the right of the remaining commissioners to exercise all the powers of the commission.

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

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

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

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

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

The Auditor for the State and Other Departments shall receive and examine all accounts of expenditures of the commission.

SEC. 3. That upon the organization of the commission and election of its chairman, the Bureau of Corporations and the offices of Commissioner and Deputy Commissioner of Corporations shall cease to exist; and all pending Investigations and proceedings of the Bureau of Corporations shall be continued by the commission.

All clerks and employees of the said bureau shall be transferred to and become clerks and employees of the commission at their present grades and salaries. All records, papers, and

property of the said bureau shall become records, papers, and property of the commission, and all unexpended funds and appropriations for the use and maintenance of the said bureau, including any allotment already made to it by the Secretary of Commerce from the contingent

appropriation for the Department of Commerce for the fiscal year nineteen hundred and fifteen, or from the departmental printing fund for the fiscal year nineteen hundred and fifteen, shall become funds and appropriations available to be expended by the commission in the exercise of the powers, authority, and duties conferred on it by this act.

The principal office of the commission shall be in the city of Washington, but it may meet and exercise all its powers at any other place. The commission may, by one or more of its members, or by such examiners as it may designate, prosecute any inquiry necessary to its duties in any part of the United States.

SEC. 4. That the words defined in this section shall have the following meaning when found in this act, to wit:

"Commerce" means commerce among the several States or with foreign nations, or in any Territory of the United States or in the District of Columbia, or between any such Territory and another, or between any such Territories and any State or foreign nation, or between the District of Columbia and any State or Territory or foreign nation.

"Corporation" means any company or association incorporated or unincorporated, which is organized to carry on business for profit and has shares of capital or capital stock, and any company or association, incorporated or unincorporated, without shares of capital or capital stock, except partnerships, which is organized to carry on business for its own profit or that of its members.

"Documentary evidence" means all documents, papers, and correspondence in existence at and after the passage of this act.

"Acts to regulate commerce" means the act entitled "An act to regulate commerce," approved February fourteenth, eighteen hundred and eighty-seven, and all acts amendatory thereof and supplementary thereto.

"Antitrust acts" means the act entitled "An act to protect trade and commerce against unlawful restraints and monopolies," approved July second, eighteen hundred and ninety; also the 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," approved August twenty-seventh, eighteen hundred and ninety-four; and also the 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.

SEC. 5. That unfair methods of competition in commerce are hereby declared unlawful.

The commission is Hereby empowered and directed to prevent persons, partnerships, or corporations, except banks, and common carriers subject to the acts to regulate commerce, from using unfair methods of competition in commerce.

Whenever the commission shall have reason to believe that any such person, partnership, or corporation has been or is using any unfair method of competition in commerce, and if it shall appear to the commission that a proceeding by it in respect thereof would be to the interest of the public, it shall issue and serve upon such person, partnerships or corporation a complaint starting its charges in their respect, and containing a notice of a hearing upon a day and at a place therein fixed at least thirty days after the service of said complaint. The person, partnership, or corporation so complained of shall have the right to appear at the place and time so fixed and show cause why an order should not be entered by the commission requiring such person, partnership, or corporation to cease and desist from the violation of the law so charged in said complaint. Any person, partnership, or corporation may make application, and upon

good cause shown may be allowed by the commission, to intervene and appear in said proceeding by counsel or in person. The testimony in any such proceeding shall be reduced to writing and filed in the office of the commission. If upon such hearing the commission shall be of the opinion that the method of competition in question is prohibited by this act, it shall make a report in writing in which it shall state its findings as to the facts, and shall issue and cause to be served on such person, partnership, or corporation an order requiring such person, partnership, or corporation to cease and desist from using such method of competition. Until a transcript of the record in such hearing shall have been filed in a circuit court of appears of the United States, as hereinafter provided, the commission may at any time, upon such notice and in such manner as it shall deem proper, modify or set aside, in whole or in part, any report or any order made or issued by it under this section.

If such person, partnership, or corporation fails or neglects to obey such order of the commission while this same is in effect, the commission may apply to the circuit court of appeals of the United States, within any circuit where the method of competition in question was used or where such person, partnership, or corporation resides or carries on business, for the enforcement of its order, and shall certify and file application transcript of the entire record in the proceeding, including all testimony taken and the report and order of the commission. Upon such filing of the application and transcript the court shall cause notice thereof to be served upon such person, partnership, or corporation and thereupon shall have jurisdiction of the proceeding and of the question determined therein, and Shall have power to make and enter upon the pleadings, testimony, and proceedings set forth in such transcript a decree affirming, modifying, or setting aside the order of the commission. The findings of the commission as to the facts, if supported by testimony, shall be conclusive. If either party shall apply to the court for leave to adduce additional evidence, and shall show to the satisfaction of the court that such additional evidence is material, and that there were reasonable grounds for the failure to adduce such evidence in the proceeding before the commission, the court may order such additional evidence to be taken before the commission and to be adduced upon the hearing in such manner and upon such terms and conditions as to the court may seem proper. The commission may modify its findings as to the fact, or make new findings, by reason of the additional evidence so threat, and it shall file such modified or new findings, which, if supported by testimony, shall be conclusive, and its recommendation, If any, for the modification or setting aside of its original order, with the return of such additional evidence. The judgment and decree of the court shall be final, except that the same shall be subject to review by the Supreme Court upon certiorari as provided in section two hundred and forty of the Judicial Code.

Any party required by such order of the commission to cease and desist from using such method of competition may obtain a review of such order in said circuit court of appeals by filing in the court a written petition praying that the order of the commission be set beside. A copy of such petition shall be forthwith served upon the commission, and thereupon the commission forthwith shall certify and file in the court a transcript of the record as hereinbefore provided. Upon the filing of the transcript the court shut have the same jurisdiction to affirm, set aside, or modify the order of the commission as in the case of an application by the commission for the enforcement of its order, and the findings of the commission as to the facts, if supported by testimony, shall in like manner be conclusive.

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

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

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

or other process registered and mailed as aforesaid shall be proof of the service of the same.

SEC. 6. That the commission shall also have power--

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

(b) To require, by general or special orders, corporations engaged in commerce, excepting, banks, and common carriers subject to the act to regulate

commerce, or any class of them, or any of them, respectively, to file with the commission in such form as the commission may prescribe annual or special, or both annual and special, reports or answers in writing to specific questions, furnishing to the commission such information as it may require as to the organization, business, conduct, practices, management, and relation to other corporations, partnerships, and individuals of the respective corporations filing such reports or answers in writing. Such reports and answers shall be made under oath, or otherwise, as the commission may prescribe, and shall be filed with the commission within such reasonable period as the commission may prescribe, unless additional time be granted in any case by the commission.

(c) Whenever a final decree has been entered against any defendant corporation in any suit brought by the United States to prevent and restrain any violation of the antitrust acts, to make investigation, upon its own initiative, of the manner in which the decree has been or is being carried out, and upon the application of the Attorney General it shall be its duty to make such investigation. It shall transmit to the Attorney General a report embodying its findings and recommendations as a result of any such investigation, and the report shall be made public in the discretion of the commission.

(d) Upon the direction of the President or either House of Congress to investigate and report the facts relating to any alleged violations of the antitrust acts by any corporation.

(e) Upon the application of the Attorney General to investigate and make recommendation for the readjustment of the business of any corporation alleged to be violating the antitrust acts in order that the corporation may thereafter maintain its Organization, management, and conduct of business in accordance with law.

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

(g) From time to time to classify corporations and to make, rules and regulations for the purpose of carrying out the provisions of this act.

(h) To investigate, from time to time, trade conditions in and with foreign countries where associations, combinations, or practices of manufacturers, merchants, or traders, or other conditions, may affect the foreign trade of the United States, and to report to Congress thereon, with such recommendations as it deems advisable.

SEC. 7. That in any suit in equity brought by or under the direction of the Attorney General as provided in the antitrust acts, the court may, upon the conclusion of the testimony therein, if it shall be then of opinion that the complainant is entitled to relief, refer said suit to the commission, as a master in chancery, to ascertain and report an appropriate form of decree therein. The commission shall proceed upon such notice to the parties and under such rules of procedure as the court may prescribe, and upon the coming in of such report such exceptions may be filed and such proceedings had in relation thereto as upon the report of a master in other equity causes, but the court may adopt or reject such report, in whole or in part, and enter such decree as the nature of the case may in its judgment require.

SEC. 8. That the several departments and bureaus of the Government when directed by the President shall furnish the commission, upon its request, all records, papers, and information in their possession relating to any corporation subject to any of the provisions of this act, and shall detail from time to time such officials and employees to the commission as he may direct.

SEC. 9. That for the purposes of this act the commission, or its duly authorized agent or agents, shall at all reasonable times have access to, for the purpose of examination, and the right to copy any documentary evidence of any corporation being investigated or proceeded against; and the commission shall naive power to require by subpena the attendance and testimony of witnesses and the production of all such documentary evidence relating to any matter under investigation. Any member of the commission may sign subpoenas, and members and examiners of the commission may administer oaths and affirmations, examine witnesses, and receive evidence.

Such attendance of witnesses, and the production of such documentary evidence, may be required from any place in the United States, at any designated

place of hearing. And in case of disobedience to a subpena the commission may invoke the aid of any court of the United States in requiring the attendance and testimony of witnesses and the protection of documentary evidence.

Any of the district courts of the United States within the jurisdiction of which such inquiry is carried on may, in case of contumacy or refusal to obey a subpoena issued to any corporation or other person, issue an order requiring such corporation or other person to appear before the commission, or to produce documentary evidence if so ordered, or to give evidence touching the matter in question; and any failure to obey such order of the court may be punished by such court is a contempt thereof.

Upon the application of the Attorney General of the United States, at the request of the commission, the district courts of the United States shall have jurisdiction to issue writs of mandamus commanding any person or corporation to comply with the provisions of this act or any order of the commission made in pursuance thereof.

The commission may order testimony to be taken by deposition in any proceeding or investigation pending under this act at any stage of such proceeding or investigation. Such 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 to cause to be made, full, true, and correct entries In such accounts, records, or memoranda of all facts and transactions appertaining to the business of such corporation, or who shall willfully remove out of the jurisdiction of the United States, or willfully mutilate, alter, or by ally other means falsify any documentary

evidence of such corporation, or who, shall willfully refuse to submit to the commission or to any of its authorized agents, for the purpose of inspection and taking copies, any documentary evidence of such corporation in his possession or within his control, shall be deemed guilty of an offense against the United States, and shall be subject, upon conviction in any court of the United States of competent jurisdiction, to a fine of not less than $1,000 nor more than $5,000, or to imprisonment for a term of not more than three years, or to both such fine and imprisonment.

If any corporation required by this act to file any annual or special report shall fail so to do within the time fixed by the commission for filing the same, and such future shall continue for thirty days after notice of such default, the corporation shall forfeit to the United States the sum of $100 for each and every day of the continuance of such failure, which forfeiture shall be payable

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

Any officer or employee of the commission who shall make public any information obtained by the commission, without its authority, unless directed by a court, shall be deemed guilty of a misdemeanor, and, upon conviction thereof, shall be 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, or repeal the said antitrust acts or the acts to regulate commerce or any part or parts thereof.

Approved, September 26, 1914.

EXHIBIT 3.

PROVISIONS OF THE CLAYTON ACT WHICH CONCERN THE FEDERAL TRADE COMMISSION

"Commerce," as used herein, means trade or commerce among the Several States and with foreign nations, or between the District of Columbia or any Territory of the United States and any State, Territory, or foreign nation, or between any insular possessions or other places under the jurisdiction of the United States, or between any such possession or place and any State or Territory of the United States or the District of Columbia or any foreign nation, or within the District of Columbia or any Territory or any insular possession or other place under the jurisdiction of the United States: *Provided,* That nothing in this act contained shall apply to the Philippine Islands.

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

SEC. 2. That it shall he unlawful for any person engaged in commerce, in the course of such commerce, either directly or indirectly to discriminate in price between different purchasers of commodities, which commodities are sold for use, consumption, or resale within the United States or any Territory thereof or the District of Columbia or any insular possession or other place under the jurisdiction of the United States, where the effect of such discrimination may be to substantially lessen competition or tend to create a monopoly in any line of commerce: *Provided*, That nothing herein contained shall prevent discrimination in price between purchasers, of commodities, on account of differences in the grade, quality, or quantity of the commodity sold, or that makes only due allowance for difference in the cost of Selling or transportation, or discrimination in price in the same or different communities made in good faith to meet competition: *And provided further,* That nothing herein contained shall prevent persons engaged in selling goods, wares, or merchandise in commerce from .selecting their own customers in bona fide transactions and not in restraint of trade.

SEC. 3. That it shall be unlawful for any person engaged in commerce, in the course of such commerce, to lease or make a sale. or contract for sale of goods, wares, merchandise, machinery, supplies or other commodities, whether patented or unpatented, for use, consumption, or resale within the United States or any Territory thereof or the District of Columbia or any insular possession or other place under the jurisdiction of the United States, or fix a price charged therefore or discount front, or rebate upon, such price, on the condition, agreement or understanding that the lessee or purchaser thereof shall not use or deal in the goods, wares, merchandise, machinery, supplies, or other commodities of a competitor or competitors of the lessor or seller, where the effect of such lease, sale, or contract for sale or such condition, agreement or understanding may be to substantially lesson competition or tend to, create a monopoly in any line of commerce.

SEC. 7. That no corporation engaged in commerce shall acquire, directly or indirectly, the whole or any part of the stock or other share capital of another corporation engaged also in commerce, where the effect of such acquisition maybe to substantially lessen competition

between the corporation whose stock is so acquired and the corporation making the acquisition, or to restrain such commerce in any section or community, or tend to create a monopoly of any line of commerce.

No corporation shall acquire, directly or indirectly the whole or any part of the stock or other share capital of two or more corporations engaged in commerce where the effect of such acquisition, or the use of such stock by the

voting or granting of proxies or otherwise, may be to substantially lessen competition between such corporations, or any of them, whose stock or other share capital is so acquired, or to restrain such commerce in any section or community, or tend to create a monopoly of any line of commerce.

This section shall not apply to corporations purchasing such stock solely for Investment and not using the same by voting or otherwise to bring about, or in attempting to bring about, the substantial lessening of competition. Nor shall anything contained in this section prevent a corporation engaged in commerce from causing the formation of subsidiary corporations for the actual carrying on of their immediate lawful business, or the natural and legitimate branches or extensions thereof, or from owning and holding all or a part of the stock of such subsidiary corporations, when the effect of such formation is not to substantially lessen competition.

Nor shall anything herein contained be construed to prohibit any common carrier subject to the laws to regulate commerce from aiding in the construction of branches or short lines so located as to become feeders to the main line of the company so aiding in such construction or from acquiring or owning all or any part of the stock of such branch lines, nor to prevent any such common carrier from acquiring and owning all or any part of the stock of a branch or short line constructed by an independent company where there is no substantial competition between the company owning the branch line so constructed land the company owning the main line acquiring the property or an interest therein, nor to prevent such common carrier from extending any of its lines through the medium of the acquisition of stock or otherwise of any other such common carrier where there is no substantial competition between the company extending its lines and the company whose stock, property, or an interest therein is so acquired.

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

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

When any person elected or chosen as a director or officer or selected as an employee of any bank or other corporation subject to the provisions of this act is eligible at the time of his election or selection to act for such bank or other corporation in such capacity his eligibility to act in such capacity shall not be affected and he shall not become or be deemed amenable to ally of the provisions hereof by reason of any crime in the affairs of such bank or other corporation from whatsoever cause, whether specifically excepted by any of the provisions hereof or not, until the expiration of one year from the date of his election or employment.

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SEC. 11. That authority to enforce compliance with sections two, three, seven and eight of this act by the persons respectively subject thereto is hereby vested in the Interstate Commerce Commission where applicable to common carriers, in the Federal Reserve Board where applicable to banks, banking associates and trust companies, and in the Federal trade Commission where applicable to all other character of commerce, to be exercised as follows:

Whenever the Commission or Board vested with jurisdiction thereof shall have reason to believe that any person is violating or has violated any of the

provisions of sections two, three, seven and eight of this act, it shall issue and serve upon such person a complaint stating its charges in that respect, and containing a notice of a hearing upon a day and at a place therein fixed at least thirty days after the service of said complaint. The person so complained of shall have the right to appear at the place and time so fixed and show cause why an order should not be entered by the commission or board requiring such person to cease and desist from the violation of the law so charged in said complaint. Any person may make application, and upon good cause spoken may be allowed by the commission or board, to intervene and appear in said proceeding by counsel or in person. The testimony in any such proceeding shall be reduced to writing and filed in the office of the commission or board. If upon such hearing the commission or board, as the case may be, shall be of the option that any of the provisions of said sections have been or ire being violated, it shall make a report in writing in which it shall state its findings as to the facts, and shall issue and cause to be served on such person an order requiring such person to cease and desist from such violations, and divest itself of the stock held or rid itself of the directors chosen contrary to the provisions of sections seven and eight of this act, if any there be, in the manner and within the time fixed by said order. Until a transcript of the record in such notice shall have been filed in a circuit court of appeals of the United States, as hereinafter provided, the commission or board may at any time, upon such notice and in such manner as it shall deem proper, modify or set aside, in whole or in part, any report or any order made or issued by it under this section.

If such person fails or neglects to obey such order of the commission or board while the same is in effect, the commission or board may apply to the circuit Court of appeals of the United States, within any circuit where the violation complained or was or is being committed or where such person resides or carries on business, for the enforcement of its order, and shall certify and file with its application a transcript of the entire record in the proceeding including all the testimony taken and the report and order of the commission or board. Upon such filling of the application and transcript the court shall cause notice thereof to be served upon such person and thereupon shall have jurisdiction of the proceeding and of the question determined therein, and shall have power to make and enter upon the pleading's, testimony, and proceedings set forth in such transcript a decree affirming, modifying, or setting aside the order of the commission or board. The findings of the commission or board as to the facts, if supported by testimony, shall be conclusive. If either party shall apply to the court for leave to adduce additional evidence, and shall show to the satisfaction of the court that such additional evidence is material and thwart there were reasonable grounds for the failure to adduce such evidence In the proceeding before the commission or board, the court may order such additional evidence. to be taken before the commission or board and to be adduced upon the hearing In such manner and upon such terms and conditions as to the court may seem proper. The commission or board may modify its findings as to the facts, or make new findings, by reason of the additional evidence so taken, and it shall file such modified or new findings, which, if supported by testimony, shall be conclusive, and its recommendation, if any, for the modification or setting aside of its original order, with the return of such additional evidence. The judgment and decree of the court shall be final, except that the same shall be subject to review by the Supreme Court upon certiorari as provided in section two hundred and forty of the Judicial Code.

Any party required by such order of the commission or board to cease and desist from a violation charged may obtain a review of such order in said circuit court of appears by finite 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 finding of the commission or board as to the facts, if supported by testimony, shall in like manner be conclusive.

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

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

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

Approved, October 15, 1914.

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EXHIBIT 4

EXPORT TRADE ACT

AN ACT To promote export trade, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States Of America in Congress assembled, That the words "export trade" wherever used in this act mean solely trade or commerce in goods, wares, or merchandise exported, or in the course of being exported from the United States or any Territory thereof to any foreign nation; but the words "export trade" shall not be deemed to include the production, manufacture, or selling for consumption or for resale, within the United States or any Territory thereof, of such goods, wares, or merchandise, or any act in the course of such production, manufacture, or selling for consumption or for resale.

That the words "trade within the United States" wherever used in this act mean trade or commerce among the several States or in any Territory of the United States, or in the District of Columbia, or between any such Territory and another, or between any such Territory or Territories and any State or States or the District of Columbia, or between the District of Columbia and any State or States.

That the word "association" wherever used in this act means any corporation or combination, by contract or otherwise, of two or more persons, partnerships, or corporations.

SEC. 2. That nothing contained in the act entitled "An act to protect trade and commerce against unlawful restraints and monopolies," approved July second, eighteen hundred and ninety, shall be construed as declaring to be illegal an association entered into for the sole purpose of engaging in export trade and actually engaged solely in such export trade, or an agreement made or act done in the course of export trade by such association, provided such association, agreement, or act is not in restraint of trade within the United States, and is not in restraint of the export trade of any domestic competitor of such association: *And provided further,* That such association does not, either in the United States or elsewhere, enter into any agreement, understanding, or conspiracy, or do any act which artificially or intentionally enhances or depresses prices within the United States of commodities of the class exported by such association, or which substantially lessens competition within the United States or otherwise restrains trade therein.

SEC. 3. That nothing contained in section seven of the act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October fifteenth, nineteen hundred and fourteen, shall be construed to forbid the acquisition or ownership by any corporation of the whole or any part of the stock or other capital of any corporation organized solely for the purpose of engaging in export trade, and actually engaged solely in such export trade, unless the effect of such acquisition or ownership may be to restrain trade or substantially lessen competition within the United States.

SEC. 4. That the prohibition against "unfair methods of competition" and the remedies provided for enforcing said prohibition contained in the act entitled "An act to create a Federal trade commission, to define its powers and duties, and for other purposes," approved September

twenty-sixth, nineteen hundred and fourteen, shall be construed as extending to unfair methods of competition used in export trade against competitors engaged in export trade, even though the acts constituting such unfair methods are done without the territorial jurisdiction of the United States.

SEC 5. That every association now engaged solely in export trade, within sixty days after the passage of this act, and every association entered into hereafter which engages solely in export trade, within thirty days after its creation, shall file with the Federal Trade Commission a verified written state-

ment setting forth the location of its offices or places of business and the names and addresses of all its officers and of all its stockholders or members, and if a corporation, a copy of its certificate or articles of incorporation and by-laws, and if unincorporated a copy of its articles or contract of association , and on the first day of January of each year thereafter it shall make a like statement of the location of its offices or places of business and the names and addresses of all its officers and of all its stockholders or members and of all amendments to and changes in its articles or certificate of incorporation or in its articles or contract of association. It shall also furnish to the commission such information as the com-mission may require as to its organization, business, conduct, practices, management, and relation to other associations, corporations, partnerships, and individuals. Any association which shall fail so to do shall not have the benefit of the provisions of section two and section three of this act, and it shall also forfeit to the United States the sum of $100 for each and every day of the continuance of such failure, which forfeiture shall be payable into the Treasury of the United States, and shall be recoverable in a civil suit in the name of the United States brought in the district where the association has its principal office, or in any district in which it shall do business. It shall be the duty of the various district attorneys, under the direction of the Attorney General of the United States, to prosecute for the recovery of the forfeiture. The costs and expenses of such prosecution shall be paid out of the appropriation for the expenses of the courts of the United States.

Whenever the Federal Trade Commission shall have reason to believe that an association or any agreement made or act done by such association is in restraint of trade within the United States or in restraint of the export trade of any domestic competitor of such association, or that an association either in the United States or elsewhere has entered into any agreement, understanding, or conspiracy, or done any act which artificially or intentionally enhances or depresses prices within the United States of commodities of the class exported by such association, or which substantially lessens competition within the United States or otherwise restrains trade therein it shall summon such association, its officers, and agents to appear Therefore it, and thereafter conduct an investigation into the alleged violations of law. Upon investigation, if it shall conclude that the law has been violated, it may make to such association recommendations for the readjustment of its business, in order that it may thereafter maintain its organization and management and conduct its business in accordance with law. If such association fails to comply with the recommendations of the Federal Trade Commission , said commission shall refer its findings and recommendations to the Attorney General of the United States for such action thereon as he may deem proper.

For the purpose of enforcing these provisions the Federal Trade Commission shall have all the powers, so far as applicable, given it in “An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes.”

Approved, April 10, 1918.

EXHIBIT 5

RULES OF PRACTICE BEFORE THE COMMISSION [1]

I. SESSIONS

The principal office of the commission at Washington, D. C., is open each business day from 9 a. m. to 4.30 p. m. The commission may meet and exercise all its powers at any other place, and may, by one or more of its members, or by Such examiners as it may designate, prosecute any inquiry necessary to its duties in any part of the United States.

Sessions of the commission for hearing contested proceedings will be held as ordered by the commission.

Sessions of the commission for the purpose of making orders and for the transaction of other business, unless otherwise ordered, will be held at the office of the commission at Washington, D. C., on each business day at 10.30 a. m. Three members of the commission Shall constitute a quorum for the transaction of business.

All orders of the commission shall be signed by the secretary.

II. COMPLAINTS

Any person, partnership, corporation, or association may apply to the commission to institute a proceeding in respect to any violation of law over which the commission has jurisdiction.

Such application shall be in writing, signed by or in behalf of the applicant, and shall contain a short and simple statement of the facts constituting the alleged violation of law and the name and address of the applicant and of the party complained of.

The commission shall investigate the matters complained of in such application, and if upon investigation the commission shall have reason to believe that there is a violation of law over which the commission has jurisdiction, and if it shall appear to the commission that a proceeding by it in respect thereof would be to the interest of the public, the commission shall issue and serve upon the party complained of a complaint stating its charges and containing a notice of a hearing upon a day and at a place therein fixed, at least 40 days after the service of said complaint.

III. ANSWERS

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

(2) In case respondent desires to waive hearing on the charges set forth in the complaint and not to contest the proceeding, the answer may consist of a statement that respondent refrains from contesting the proceeding or that respondent consents that the commission may make, enter, and serve upon respondent an order to cease and desist from the violations of the law alleged

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1 As amended and revised to June 30, 1927.

in the complaint, or that respondent admits all the allegations of the complaint to be true. Any such answer shall be deemed to be an admission of all the allegations of the complaint and to authorize the commission to find such allegations to be true.

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

(4) Three copies of answers must be furnished. All answers must be signed in ink by the respondent or by his duly authorized attorney and must show the office and post-office address of the signer. All answers must be typewritten or printed. If typewritten, they must be on paper not more than 8¼ inches wide and not more than 11 inches long. If printed, they must he on paper 8 inches wide by 10 ½ inches long.

IV. SERVICE

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

V. INTERVENTION

Any person, partnership, corporation, or association desiring to intervene in a contested proceeding shall make application in writing, setting out the grounds on which he or it claims to be interested. The commission may, by order, permit intervention by counsel or in person to such extent and upon such terms as it shall deem just.

Applications to intervene must be on one side of the paper only, on paper not more than 8 ½ inches Wide and not more than 11 inches long, and weighing not less than 16 pounds to the ream, folio base, 17 by 22 inches, with left-hand margin not less than 1 ½ inches Wide, or they may be printed in 10 or 12 point type on good unglazed paper 8 inches wide by 10 1/2 inches long, with inside margins not less than 1 inch wide.

VI. CONTINUANCES AND EXTENSIONS OF TIME

Continuances and extensions of the will be granted at the discretion of the commission.

VII. WITNESSES AND SUBPOENAS

Witnesses shall be examined orally, except that for good and exceptional cause for departing from the general rule the commission may permit their testimony to be taken by deposition.

Subpoenas requiring the attendance of witnesses from any place in the United States at any designated place of hearing may be issued by any member of the commission.

Subpoenas for the production of documentary evidence (unless directed to issue by a commissioner upon his own motion) will issue only upon application in writing, which must be verified and must specify, as near as may be, the documents desired and the facts to be proved by them.

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

VIII. TIME FOR TAKING TESTIMONY

Upon the joining of issue in a proceeding by the commission the examination of witnesses therein shall proceed with all reasonable diligence and with the least practicable delay. Not less than five days' notice shall be given by the commission to counsel or parties of the time and place of examination of witnesses before the commission, a commissioner, or an examiner.

IX. OBJECTIONS TO EVIDENCE

Objections to the evidence before the commission, a commissioner, or an examiner shall, in any proceeding, be in short form, stating the grounds of objections relied upon, and no transcript filed shall include argument or debate.

X. MOTIONS

A motion in a proceeding by the commission shall briefly state the nature of the order applied for, and all affidavits, records, and other papers upon which the same is founded, except such as have been previously filed or served in the same proceeding, shall be filed with such motion and plainly referred to therein.

XI. HEARINGS ON INVESTIGATION

When a matter for investigation is referred to a single commissioner for examination or report, such commissioner may conduct or hold conferences or hearings thereon, either alone or with other commissioners who may sit with him, and reasonable notice of the time and place of such hearings shall be given to parties in interest and posted.

The general counsel or one of his assistants, or such other attorney as shall be designated by the commission, shall attend and conduct such hearings, and such hearings may, in the discretion of the commissioner holding same, be public.

XII. HEARINGS BEFORE EXAMINERS

When issue in the case is set for trial it shall be referred to an examiner for the taking of testimony. It shall be the duty of the examiner to complete the taking of testimony with all due dispatch, and he shall set the day and hour to which the taking of testimony may from time to time be adjourned. The taking of the testimony both for the commission and the respondent shall be completed within 30 days after the beginning of the same unless, for good cause shown, the commission shall extend the time. The examiner shall. within 10 days after the receipt of the stenographic report of the testimony, make his report on the facts, and shall forthwith serve copy of the same on the parties or their attorneys, who, within 10 days after the receipt of same, shall file in writing their exceptions, if any, and said exceptions shall specify the particular part or parts of the report to which exception is made, and said exceptions shall include any additional facts which either party may think proper. Seven copies of exceptions shall be filed for the use of the commission. Citations to the record shall be made in support of such exceptions. Where briefs are filed the same shall contain a copy of such exceptions. Argument on the exceptions, if exceptions be filed, shall be had at the final argument on the merits.

When, in the opinion of the trial examiner engaged in taking testimony in any formal proceeding, the size of the transcript or complication or importance of the issues involved warrants it, he may of his own motion or at the request of counsel at the close of the taking of

testimony announce to the attorneys for the respondent and for the commission that the examiner will receive at any the before he has completed the drawing of the "trial examiner's report upon the facts" a statement in writing (one for either side) in terse outline setting forth the contentions of each as to the facts proved in the proceeding.

These statements are not to be exchanged between counsel and are not to be argued before the trial examiner.

Any tentative draft of finding or findings submitted by either side shall be submitted within 10 days after the closing of the taking of testimony and not later, which the shall not be extended.

XIII. DEPOSITIONS IN CONTESTED PROCEEDINGS

The commission may order testimony to be taken by deposition in a contested proceeding.

Depositions may be taken before any person designated by the commission and having power to administer oaths.

Any party desiring to take the deposition of a witness shall make application in writing, setting out the reasons why such deposition should be taken, and stating the time when, the place where, and the name and post-office address of the person before whom it is desired the deposition be taken, the name and post-office address of the witness, and the subject matter or matters concerning which the witness is expected to testify. If good cause be shown, the commission will make and serve upon the parties, or their attorneys, an order wherein the commission shall name the witness whose deposition is to be taken and specify the time when, the place where, and the person before whom the witness is to testify, but such the and place, and the person before whom the deposition is to be taken, so specified in the commission's order, may or may not be the same as those named in said application to the commission.

The testimony of the witness shall be reduced to writing by the officer before whom the deposition is taken or under his direction, after which the deposition shall be subscribed by the witness and certified in usual form by the officer. After the deposition has been so certified it shall, together with a copy thereof made by such officer or under his direction, be forwarded by such officer under seal in an envelope addressed to the commission at its office in Washington, D. C. Upon receipt of the deposition and copy the commission shall file in the record in said proceeding such deposition and forward the copy to the defendant or the defendant's attorney.

Such depositions shall be typewritten on one side only of the paper, which shall be not more than 81/2 inches wide and not more than 11 inches long and weighing not less than 16 pounds to the ream, folio base, 17 by 22 inches, with left-hand margin not less than 1 ½ inches wide.

No deposition shall be taken except after at least 6 days' notice to the parties, and where the deposition is taken in a foreign country such notice shall be at least 15 days.

No deposition shall be taken either before the proceeding is at issue, or, unless under special circumstances and for good cause shown, within 10 days prior to the date of the hearing thereof assigned by the commission, and where the deposition is taken in a foreign country it shall not be taken after 30 days prior to such date of hearing.

XIV. DOCUMENTARY EVIDENCE

Where relevant and material matter offered in evidence is embraced in a document containing other matter not material or relevant and not intended to be put in evidence, such document will not be filed, but a copy only of such relevant and material matter shall be filed.

XV. BRIEFS

All briefs must be filed with the secretary of the commission and briefs on behalf of the commission must be accompanied by proof of the service of the same as hereinafter provided, or the mailing of same by registered mail to the respondent or Its attorney at the proper address. Twenty copies of each brief shall be furnished for the use of the commission unless otherwise ordered. The exceptions, if any, to the trial examiner's report must be incorporated in the brief. Every brief, except the reply brief on behalf of the commission, hereinafter mentioned, shall

contain in the order here stated:

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

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

Every brief of more than 10 pages shall contain on its top flyleaves a subject Index with page references, the subject index to be supplemented by a list of all cases referred to, alphabetically arranged, together with references to pages where the cases are cited.

Briefs must be printed in 10 or 12 point type on good unglazed paper 8 inches by 101/2 inches, with inside margins not less than 1 inch wide, and with double leaded text and single-leaded citations.

The reply brief on the part of the commission shall be strictly in answer to respondent's brief.

The time within which briefs shall be filed is fixed as follows: For the opening brief on behalf of the commission, 30 days from the day of the service upon the chief counsel or trial attorney of the commission of the trial examiner's report; for brief on behalf of respondent, 30 days after the date of service upon the respondent or his attorney of the brief on behalf of the commission; for reply brief on behalf of the commission, 10 days after the filing of the respondent's brief. Reply brief on behalf of respondent will not be permitted to be filed. Applications for extension of the in which to file briefs shall be by petition in writing, stating the facts on which the application rests, which must be filed with the commission at least five days before the time fixed for filing such briefs. Briefs not filed with the commission on or before the dates fixed therefor will not be received except by special permission of the commission. Appearance of additional counsel in a case shall not, of itself, constitute sufficient grounds for extension of the for filing brief or for postponement of final hearing.

Briefs on behalf of the commission may be served by delivering a copy thereof to the respondent's attorney or to the respondent in Case respondent be not represented by attorney; or by registering and mailing a copy thereof addressed to the respondent's attorney or to the respondent in case respondent be not represented by attorney, at the proper post-office address. Written acknowledgment of service, or the verified return of the party making the service, shall constitute proof of personal service as hereinbefore provided, and the return post-office receipt aforesaid for said brief, when registered and mailed, shall constitute proof of the service of the same.

Oral arguments may be had only as ordered by the commission on written application of the chief counsel or of respondent filed not later than five days after expiration of the time allowed for filing of reply brief of counsel for the commission.

XVI. ADDRESS OF THE COMMISSION

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

EXHIBIT 6

PROCEEDINGS DISPOSED OF JULY 1, 1927, TO JUNE 30, 1928

1. ORDERS TO CEASE AND DESIST

NOTE.--Six orders to cease and desist included in statistics for 1927, but served during 1928, are included herewith.

Complaint No. 82.--In the matter of Photo-Engravers' Club of Chicago. Charge: Adopting a standard scale of, uniform prices at which the members sell their products, with the intent of stifling and suppressing competition in the manufacture and sale of photo-engravings, the respondent having entered into an agreement with the Chicago Photo-Engravers' Union No.5, I. P. E. U., by the terms of which the respondent's members employ only union labor in their manufacturing plants and the members of the union do not accept employment from any manufacturing photo-engraver not a member of the respondent club. In furtherance of such agreement the union has adopted a rule whereby union labor is to cease working in photo-engraving plants which do not maintain such standard scale of prices, and has initiated a series of fines and threats to withdraw labor, thereby compelling members to maintain such prices against their will, all in alleged violation of section 5 of the Federal Trade Commission act. (Consolidated with Docket 928.)

Disposition: (See Disposition, Docket 928.)

Complaint No. 785.--In the matter of J. H. Crites, John G. Dee, W. J. Ross, M. W. McQuaid, and M. L. Chandler. Charge: Using unfair methods of competition in the sale of share stock of the O-tex Production Co., by the use of numerous false and misleading statements as to the said company's drilling operations and the productivity of its properties, to the effect of misleading and deceiving the purchasing public, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: After hearing, cause was dismissed, as to M. L. Chandler and an order to cease and desist was entered against remaining respondents August 19, 1927.

Complaint No. 835.--In the matter of Famous Players-Lasky Corporation, the Stanley Co. of America, Stanley Booking Corporation, Black New England Theaters (Inc.), Southern Enterprises (Inc.), Saenger Amusement Co., Adolphe Zukor, Jesse L. Lasky, Jules Mastbaum, Alfred S. Blank, Stephen A. Lynch, Ernest V. Richards, Jr. Charge: Unfair methods of competition in that the respondents Famous Players-Lasky Corporation, Adoiphe Zukor, and Jesse L. Lasky have combined and conspired to secure control of and monopolize the motion-picture industry, and to restrain, restrict, and suppress competition in the distribution of motion-picture films by (a) acquisition of all the corporate stock of Bosworth (Inc.), Jesse L. Lasky Feature Play Co. (Inc.), Famous Players Film Co., and by coercion, Paramount-Pictures Corporation; (b) affiliation with certain Independent producers; (c) the creation and exploitation of the Realart Pictures Corporation, which the respondents held out to the general public as wholly independent and not affiliated with or controlled by said respondents; (d) acquiring, with the aid of the other respondents, the control of numerous theater corporations operating motion-picture theaters throughout the United States; and (e) building or acquiring numerous theaters for the exhibition of respondents' motion pictures exclusively, all in alleged violation of section 5 of the Federal Trade Commission act, and, as to respondents Famous Players-Lasky

Corporation, Adolphe Zukor, and Jesse L. Lasky, in alleged violation of section 7 of the Clayton Act.

Disposition: After hearing, cause was dismissed as to Realart Pictures Corporation, Stanley Co. of America, Stanley Booking Corporation, Black New England Theatres (Inc.), Southern Enterprises (Inc.), Saenger Amusement Co., Jules Mastbaum, Alfred S. Black, Stephen A. Lynch, and Ernest V. Richards, Jr., and an order to cease and desist was entered against the remaining respondents July 9, 1927, Commissioner Nugent dissenting in part.

Complaint No. 857.--In the matter of S. F. Shepard, Rockwood Brown, A. L. Todd, R. Allyn Lewis, R. J. Wiswell, D. M. Leopold, H. P. Hanson, E. H. Eshleman, F. L. Moorman, and E H. McArthur. Charge: The respondents are trustees for or associated in the promotion of the Burkley Oil Co., Burk Crest Oil Co., Burk Bethel Oil Co., Gypsy Burk Oil Co., Burk Imperial Oil Co., and Burk Consolidated Oil Co. Unfair methods of competition are charged in that the respondents, to further the sale of the share stock of said unincorporated associations, issued and published numerous false and misleading statements and concealed or withheld other material information relative to the organization, business, and properties of the said companies, thereby deceiving and mis leading the purchasing public, In alleged violation of section 5 of the Federal Trade Commission act.

Disposition: After hearing, cause was dismissed as to Rockwood Brown, A. L. Todd, R. Allyn Lewis, R. 3. Wisweli, D. M. Leopold, H.P. Hanson, E H. Eshleman, F. L. Moorman, and E H. McArthur, and an order to cease and desist was entered against the remaining respondents August 19, 1927.

Complaint No. 865.--In the matter of Henry H. Hoffman, R. C. Russell, J. H. Cain, R. V. Wilson, B. Baernstein, the Ranger-Burkburnett Oil Co., the Ranger-Comanche Oil Co., and the Union National 0 1 Co. Charge: The respondent individuals are promoters of the respondent corporation. Unfair methods of competition are charged. in that they, in order to further the sale of the share stock of the said corporation, issued and published numerous false and misleading statements and concealed or withheld other material information relative to the organization, business, and properties of the said corporation, thereby deceiving and misleading the purchasing public in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: After hearing, cause was dismissed as to R. C. Russell, J. H. Cain, R. V. Wilson, and B. Baernstein, and an order to cease and desist was entered against the remaining respondents August 19, 1927.

Complaint No. 871.--In the matter of A. W. Perryman, doing business under the name and style Perryman Investment Co.; A. W. Perryman, F. P. Pen field, C. S. Thomas, individually and as trustees and officers of the Houston Oil & Refining Co., a trust; W. L. Diehl, individually and as second vice president of the Houston Oil & Refining Co., a trust; and William M. Huff, individually and as third vice president of the Houston Oil & Refining Co., a trust. Charge: The respondents are the promoters of the Houston Oil & Refining Co., a Texas trust. Unfair methods of competition are charged in that the respondents, for the purpose of furthering the sale of the share stock of the said oil company, issued and published numerous false and misleading statements and concealed or withheld other material information relative to the organization. business, property, and prospects of Said corporation, thereby deceiving the purchasing public, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: After hearing, cause was dismissed as to F. P. Penfield, C. S. Thomas, W. L. Diehl, and William M. Huff, and an order to cease and desist was entered against remaining respondents August 19, 1927.

Complaint No. 873.--In the matter of Hewitt Bros. Soap Co. Charge: Unfair methods of competition in that the respondent advertises, brands, and labels its soap as “white naphtha,” stating that it is made by a new process and of a combination of naphtha, coconut oil, and other cleansing ingredients, when, in fact, the said soap contains no naphtha, but contains instead a petroleum distillate other than naphtha, originally only to the extent of 1 per cent or less of the whole constituent ingredients, and substantially all lost by volatilization or evaporation before such soap reaches the ultimate consumer, thereby misleading and deceiving the purchasing public, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: With the consent of respondent, an order to cease and desist was entered January 16, 1928.

Complaint No. 925.--In the matter of Mid-American Oil & Refining Co. and J. H. Crites. Charge: The respondent individual is the promoter of respondent Mid-American Oil & Refining Co., a Texas trust. Unfair methods of competition in commerce are charged In that respondents, with the aid of certain subsidiaries known as Mid-American Syndicate, Mid-American Mexia Syndicate, and Mid-American Stevens County Syndicate, published numerous false and misleading statements and representations relative to the organization, business, property, and prospects of respondent company and said syndicates. to further the sale of the share stock of the respondent, and thereby deceived

the purchasing public, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: After hearing, an order to cease and desist was entered August 16, 1927.

Complaint No. 928 (in consolidation with 82).--In the matter of The American Photo-Engravers' Association and others and the International Photo-Engravers' Union of North America and others. Charge: Unfair methods of competition in commerce are charged in that the respondents conspired and agreed to adopt and maintain a scale of uniform prices for the sale of all photo-engraving products. The respondent, International Photo-Engravers Union of North America and its local organizations, threatened to call strikes or withdraw union employees from photo-engraving establishments that would not maintain said uniform scale of prices, it being understood between the respondents that the members of the respondent association would employ none but members of respondent union's local organization, thereby and with the aid of other methods of enforcement of said agreement regulating, controlling, and suppressing competition between manufacturers of photo-engraving products, making possible the establishment and maintenance of enhanced prices of such products, and hindering free competition, In alleged violation of section 5 of the Federal Trade Commission act.

Disposition: After hearing, cause was dismissed as to International Photo-Engravers' Union, the local photo-engravers' unions affiliated therewith, and the officers, executive boards, and members of all of the said respective unions, and an order to cease and desist was entered against the remaining respondents February 10, 1928, Commissioner Ferguson not voting, not having been a member of the commission when the matter was argued, and Commissioner Humphrey dissenting as to the dismissal of the union labor respondents.

Complaint No. 930.--In the matter of Right-Way Royalty Syndicate, E L. Chapman, H. F. Mitchell, and A. J. Chapman. Charge: Respondent syndicate is an unincorporated Texas trust. The respondent individuals are trustees, officers, organizers, and promoters and constitute the board of trustees of said respondent syndicate. Unfair methods of competition are charged in that the respondents, to further the sale of syndicate securities, have made and are still making numerous false, misleading, and deceptive statements concerning the business, management, operations, property, prospects, etc., of said syndicate, in violation of section 5 of the Federal Trade Commission act.

Disposition: After hearing, cause was dismissed as to A. J. Chapman, and an order to cease and desist was entered against the remaining respondents August 19,1927.

Complaint No. 932.--In the matter of Dispatch Petroleum Co., Porter Oakes, and James T. Chiles. Charge: Respondent company is a Texas joint-stock association and respondent individuals are promoters thereof. Unfair methods of competition in commerce are charged in that respondents, to further the sales of the shares of stock of said company, made numerous false and misleading statements and concealed essential facts as to the properties, prospects, and earnings of said company, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: After hearing, an order to cease and desist was entered August 19, 1927.

Complaint No. 963.--In the matter of Roller Oil & Refining Co. (Inc.), H. C. Roller, C. F. Gibbons, Percie C. Willie, E H. Doud. Charge: Unfair methods of competition are charged in the sale of shares of stock of the respondent corporation in that the respondents have misrepresented the business, the management, properties, and prospects of said corporation for the purpose of misleading and deceiving the purchasing public, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: After hearing, cause was dismissed as to G. F. Gibbons and E. H. Doud, and an order to cease and desist was entered against remaining respondents August 19, 1927.

Complaint No. 1100.--In the matter of American Snuff Co. Charge: Unfair methods of competition are charged in that the respondent adopted and enforced a system of uniform prices for the resale of Its products, refusing to sell to price cutters and employing other cooperative means and methods to compel the maintenance of its resale prices, thereby tending to suppress competition and to deprive the consuming public of advantages in price which they would obtain under conditions of free competition, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: After hearing, an order to cease and desist was entered June 30, 1927. (This proceeding, disposed of during fiscal year 1927, and so recorded in the statistical tables, was not so recorded in the text of the annual report for that year, as service upon the parties at Interest had not been effected.)

A petition for the enforcement of this order was filed by the commission in the United States Circuit Court of Appeals for the Third Circuit March 17, 1928.

Complaint No. 1111.--In the matter of Dwinell-Wright Co., a corporation. Charge: Unfair methods of competition are charged In that the respondent. engaged In the importation and sale of teas and coffees, employs a system of fixing and maintaining certain specified uniform prices at which its products will be resold by wholesaler or Jobbers to retailers and by retailers to the consuming public, using various cooperative methods of maintaining the said established resale system, and thereby tending to hinder and suppress competition and to obstruct the free and natural flow of commerce, In alleged violation of section 5 of the Federal Trade Commission act.

Disposition: After hearing, an order to cease and desist was entered June 30, 1927. (This proceeding, disposed of during fiscal year 1927, and so recorded In the statistical tables, was not so recorded In the text of the annual report for that year, as service upon the parties at interest had not been effected.)

Complaint No. 1150.--In the matter of Morton F. Baum, an individual doing business under the trade name and style Michigan Sample Furniture Co. Charge: Unfair methods of competition are charged in that the respondent retailer falsely advertises that his furniture is sold at manufacturers' prices, thereby tending to mislead the purchasing public into the belief that middle-men's profits are saved to the respondent's customers, and in that the respondent advertises and offers certain of his furniture as "walnut" when in fact said furniture is made of woods other than walnut and in imitation of genuine walnut wood, all In alleged violation of section 5 of the Federal Trade Commission act.

Disposition: With the consent of respondent, an order to cease and desist was entered November 28, 1927.

Complaint No. 1165.--In the matter of James A. McCafferty Sons Manufacturing Co. (Inc.). Charge: Unfair methods of competition are charged In that the respondent, engaged in the manufacture and sale of paint and paint products, advertises and sells one of Its products as "Gold seal combination white lead," when In fact said product contains no sulphate or carbonate of lead In amount greater than 3 per cent of the total ingredients of said product, thereby tending to mislead and deceive the purchasing public as to the quality of said product, in alleged violation of sections of the Federal Trade Commission act.

Disposition: With the consent of respondent, an order to cease and desist was entered June 30, 1927. (This proceeding, disposed of during fiscal year 1927, and so recorded in the statistical tables, was not so recorded in the text of the annual report for that year, as service upon the parties at Interest had not been effected.)

Complaint No. 1184.--In the matter of Philip Carey Manufacturing Co., Philip Carey Co. Charge: Unfair methods of competition are charged in that the respondents' practices of entering Into exclusive contracts whereby competitors bind themselves not to deal in the products of any competitors of respondents tends to substantially lessen competition in the sale of asbestos and asphalt products, and asphalt paving Joints particularly, and to create a monopoly of such commerce in the hands of the respondents, in alleged violation of section 5 of the Federal Trade Commission act and section 3 of the Clayton Act and In that the respondents make disparaging statements concerning competitors" products, business methods, and financial responsibility,

practice espionage, threaten and Intimidate customers of competitors, thereby causing them to break existing contracts, and threaten Infringement suits without intention of bringing such suits, said persecution and harassment against competitors being calculated and intended to prevent sales of said competitors' paving joints, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: After hearing, charges under section 3 of the Clayton Act were dismissed, and an order to cease and desist under section 5 of the Federal Trade Commission act was entered August 4, 1927.

A petition to review the commission's order was filed by respondent in the United States Circuit Court of Appeals for the Sixth Circuit September 13, 1927.

Complaint No. 1276.--In the matter of Robert M. Lease Co. (Inc.), Lease Bros. Motor Co. (Inc.), Acoma Motors Co. (Inc.), Lease Motors Co. (Inc.).

Lease Motors Export Sales Corporation, Panther Motor Co. (Inc.), Exporters and Importers Association of the World, Robert M. Lease, Irving Lease, Albert Lease, and John P. Agnew. Charge: Unfair methods of competition are charged In that the respondents, falsely representing themselves as manufacturers and vendors of new motor trucks and automobiles and contracting for the sale thereof for export with standard factory equipment and right-hand drive, made a practice of shipping motor trucks which were not new, many of the parts being old, used, rusted, or secondhand parts, and without complete factory equipment and right-hand drive, gave buyers no opportunity for examination or inspection of trucks prior to shipment, and refused to refund payments In excess of agreed prices or for trucks returned or rejected for reason; and in that the respondent Lease Bros. Motor Co. (Inc.), by falsely representing that it had entered into the purchase of plant and equipment, obtained a contract for the sale of certain chassis and the payment of earnest money thereon, when in fact it had not entered Into the purchase of said properties and did not at any time intend to perform the said contract, thereby tending to bring discredit and loss of business to American manufacturers seeking foreign trade, all In alleged violation of section 5 of the Federal Trade Commission act.

Disposition: After hearing, an order to cease and desist was entered March 3, 1928.

Complaint No. 1295.--In the matter of Chipman Knitting Mills, a corporation, and Chas. Chipman's Sons Co. (Inc.), a corporation. Charge: Unfair methods of competition are charged In that the respondents' "seamless" hosiery is falsely represented as "form-fashioned" hosiery, thereby tending to mislead and deceive the purchasing public and to injure competitors who do not misrepresent their product, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: After hearing, an order to cease and desist was entered April 16, 1928.

Complaint No. 1323.--In the matter of Kirschmann Hardwood Co. Charge: Unfair methods of competition are charged in that respondent has sold, and continues to sell, certain hardwood lumber and other hardwood products, at wholesale and retail, to dealers In hardwood lumber, manufacturers of furniture, and other users of hardwood lumber, under the name and designation of "Philippine mahogany," and in advertisements, circular letters, and other correspondence with purchasers and prospective purchasers, on letterheads, in voices, price lists, and other trade literature, has represented, named, and designated, and continues to represent, name, and designate, said hardwood lumber and other hardwood products as "Philippine mahogany," when in truth and in fact said hardwoods products so sold by it are not mahogany wood, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: After hearing, an order to cease and desist was entered August 16, 1927, Commissioner Humphrey dissenting.

Complaint No. 1324.--In the matter of Hammond Lumber Co. Charge: Un-fair methods of competition are charged in that respondent has sold, and continues to sell, certain hardwood lumber and other hardwood products, at wholesale and retail, to dealers in hardwood lumber, manufacturers of furniture, and other users of hardwood lumber under the name and designation of "Philippine mahogany," and in advertisements, circular letters, and other correspondence with purchasers and prospective purchasers, on letterheads, invoices, price lists, and other trade literature, has represented, named, and designated, and continues to represent, name, and designate, said hardwood lumber and other hardwood products as "Philippine mahogany," when in truth and in fact said hardwood lumber and other hardwood products so sold by it are not mahogany wood, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: After hearing, an order to cease and desist was entered August 16, 1927,

Commissioner Humphrey dissenting.

Complaint No. 1325.--In the matter of The Robert Dollar Co. Charge: Unfair methods of competition are charged in that respondent has sold, and continues to sell, certain hardwood lumber and other hardwood products, at wholesale and retail, to dealers in hardwood lumber under the name and designation of "Philippine mahogany," and in advertisements, circular letters, and other correspondence with purchasers and prospective purchasers, on letterheads, invoices, price lists, and other trade literature, has represented, named, and designated, and continues to represent, name, and designate, said hardwood lumber and other hardwood products as "Philippine mahogany," when in truth and in fact said hardwood lumber and other hardwood products so sold by it are not mahogany wood, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: After hearing, an order to cease and desist was entered August 16, 1927, Commissioner Humphrey dissenting.

Complaint No. 1326.--In the matter of D. A. Horn and J. M. Hyson, partners, doing business under the trade name and style "Tampa Cigar Co." Charge: Unfair methods of competition are charged In that the respondents, engaged in the manufacture of cigars in Pennsylvania and the sale thereof in interstate commerce, label their cigars and their containers with various names and legends in Spanish, including the word "Tampa," or the word "Havana," thereby tending to mislead the public into the belief that such cigars are made in the Tampa district, Florida, or are made wholly of tobacco grown on the island of Cuba, respectively, whereas such cigars are made in Pennsylvania and are composed wholly of tobacco grown elsewhere than in Cuba; and in that the respondents indicate, without basis therefor, that one of their products was awarded a "Double Grand Prize, St. Louis Exposition, 1904," thereby tending to mislead the trade and public, and to injure competitors who do not practice misrepresentation, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: After hearing, an order to cease and desist was entered July 30, 1927.

Complaint No. 1343.--In the matter of Wholesale Grocers Association of New Orleans, its officers and members. Charge: Unfair methods of competition are charged in that the respondents have cooperated to confine the distribution of groceries and allied products in the territories served by the respondent members to so-called regular and legitimate channels of trade and to prevent irregular and illegitimate dealers from obtaining groceries directly from manufacturers and producers, carrying out said purposes by threats of boycott and other methods of intimidation and coercion against manufacturers, brokers, and agents and by espionage and other cooperative and individual efforts, thereby tending to suppress competition and obstruct the natural flow of commerce, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: With the consent of respondent, an order to cease and desist was entered November 17, 1927.

Complaint No. 1345.--In the matter of Washington Cereal Association, its officers and members; Oregon Cereal & Feed Association, its officers and members; Preston-Shaffer Milling Co. Charge: Unfair methods of competition are charged in that respondents, engaged In the milling of grain and/or the wholesaling of flour, cereal products, and feed, and foodstuffs for cattle and poultry, have been and still are engaged in an unlawful combination and conspiracy affecting the distribution of said products in the States of Washington, Oregon, Idaho, and other States with the purpose of suppressing competition, and to effectuate said purpose respondents agree upon and fix uniform prices, discounts, and terms of sale and maintain said prices by correspondence, meetings, and lists, which acts hinder and obstruct the free flow of said products in the channels of interstate trade and deny to dealers in and consumers of said products those advantages in price and otherwise which they would obtain under conditions of normal and unobstructed competition In the absence of said acts, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: After hearing, cause was dismissed as to Globe Grain & Milling Co., and an order to cease and desist was entered against remaining respondents October 27, 1927.

Complaint No. 1350.--In the matter of B. J. Sackheim and Mary Rae Sackheim, partners, doing business under the trade name and style of Norman Roberts & Co. Charge: Unfair methods of competition are charged in that the respondents, engaged in the sale of wearing apparel direct to consumers by mail, advertise, and represent certain fur scarves as consisting of Manchurian fox, lynx, or wolf, when in fact said scarves are made of other pelts inferior in

quality and value, and in that the respondents offer other garments as wool serge, or wool-finished serge, or as made of silk, when in fact cotton is the principal material used, thereby tending to mislead the purchasing public and to injure competitors who do not practice misrepresentation, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: After hearing, an order to cease and desist was entered May 28, 1928.

Complaint No. 1351.--In the matter of Simon B. Bluestine and Samuel L. Bluestine, partners, doing business under the trade names and styles of Nustile

Hosiery Mills and Nustile Hosiery Co. Charge: Unfair methods of competition are charged In that the respondents, engaged in the sale of hosiery direct to the consuming public, represent themselves as manufacturers when in fact they neither own nor operate any factory or mill and purchase their hosiery for resale, and in that the respondents misrepresent the quality and fashioning of certain of their hosiery, thereby tending to mislead the consuming public and to injure competitors who do not practice misrepresentation, all in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: After hearing, an order to cease and desist was entered June 30, 1928.

Complaint No. 1352.--In the matter of Leroy A. Kling, John E Weddell, William R. Durgin, Cecil Widdefield, copartners, doing business under the trade names and styles Dr. Eagan Manufactory, Dr. S. J. Eagan, Dr. Eagan Laboratory, Pharmaceutical Products (Ltd.), Kling-Gibson Co., a corporation. Charge: Unfair methods of competition are charged in that the respondents, engaged in the business of selling cosmetics, creams, lotions, and other toilet preparations, misrepresent their products and make numerous false and fraudulent statements in behalf of such preparations, the ingredients and medicinal properties thereof, and as to the results to be obtained therefrom, thereby tending to mislead the consuming public and to injure competitors who do not practice misrepresentation, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: After hearing, an order to cease and desist was entered December 16, 1927.

Complaint No. 1360.--In the matter of Carlton Soap Co. (Inc.). Charge: Unfair methods of competition are charged in that the respondent, engaged in the sale of toilet and bath soaps, labels certain of its soap as "British bath" soap, when in fact the said soap is manufactured in the United States, thereby tending to mislead and deceive the purchasing public and to injure competitors who do not practice misrepresentation, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: After hearing, an order to cease and desist was entered November 14, 1927.

Complaint No. 1362.--In the matter of Charles Kurlan. Charge: Unfair methods of competition are charged in that the respondent, engaged in the sale of cloth and fabrics to manufacturers of men's shirts, names and designates as "Tabsylk" a fabric composed wholly of cotton and supplies labels bearing said designation to his vendees, which labels are attached to the men's shirts manufactured by them, thereby tending to mislead and deceive the purchasing public and to injure competitors who do not practice misrepresentation, In alleged violation of section 5 of the Federal Trade Commission act.

Disposition: After a stipulation in lieu of testimony, an order to cease and desist was entered February 6, 1928.

Complaint No. 1367.--In the matter of Commonwealth Manufacturing Co. and Harry Dushoff, doing business under the trade names and styles Harry Dushoff & Co. and Chicago Manufacturing Co. Charge: Unfair methods of competition are charged in that the respondents, engaged in the sale of binder twine, shirts, and shoes, describe themselves as "manufacturers" of the commodities dealt in, when in fact the respondents are not manufacturers but purchase said commodities for resale; and, further, in that respondents sell certain of their shoes as "Army shoes," when in fact the said shoes are not surplus property of the United States Government, but were obtained by the respondents from the manufacturers thereof in the ordinary course of trade, thereby tending to mislead and deceive the purchasing public and to injure competitors who do not practice misrepresentation, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: After hearing, an order to cease and desist was entered June 25, 1927. (This proceeding, disposed of during fiscal year 1927, and so recorded in the statistical tables, was not so recorded in the text of the annual report for that year, as service upon the parties at interest had not been effected.)

Complaint No. 1373.--In the matter of Public Service Cup Co. Charge: Unfair methods of competition are charged in that the respondent, engaged In the manufacture and sale of paper drinking cups, dishes, and like products, enforces a merchandising system adopted by it of establishing and maintaining certain specified uniform prices for the resale of its products, refusing to supply price cutters and employing cooperative means and methods for the enforcement of said system of resale prices, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: After hearing, an order to cease and desist was entered February 20, 1928.

Complaint No. 1375.--In the matter of Union Woolen Mills Co., Racine, Wis., Union Woolen Mills Co., Jackson, Mich., Max Cohen. Charge: Unfair methods of competition are charged in that the respondents by the use and display of the names of the respondent companies, incorporated by respondent Cohen for the purpose of jointly conducting with him an interstate business in the manufacture and sale at retail of men's clothing, tend to mislead and deceive the purchasing public into the belief that the respondents manufacture the cloth used by them in the manufacture of their clothing and that persons buying from the respondents are buying directly from the manufacturers of both the cloth and clothing, thereby saving the profits of middlemen, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: After hearing, an order to cease and desist was entered January 25, 1928.

Complaint No. 1386.--In the matter of C. A. Leitch Manufacturing Co. Charge: Unfair methods of competition are charged in that the respondent, engaged in the manufacture of roofing materials, sells its roofing paint, also called fluid cement, as and for a composition or mixture of Natural or Trinidad Lake Asphalt and Gilsonite with other substances, when in fact it contains neither Natural or Trinidad Asphalt nor Gilsonite, thereby tending to mislead and deceive the purchasing public and to injure competitors who do not practice misrepresentation, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: After hearing, an order to cease and desist was entered September 26, 1927.

Complaint No. 1391.--In the matter of Bayuk Cigars (Inc.). Charge: Unfair methods of competition are charged in that the respondent' engaged An the manufacture of cigars in Philadelphia, Pa., labels certain of its products as "Havana Ribbon" and "Mapacuba," thereby creating the impression that the said cigars are made of Havana or Cuban tobaccos when in fact the respondent's "Havana Ribbon" cigars contain no Havana or Cuban tobacco and the "Mapacuba" cigars are composed of a mixture containing but a small amount of Cuban tobacco, the practices charged tending to mislead the public and to injure competitors who do not practice misrepresentation, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: After hearing, an order to cease and desist was entered February 8, 1928.

A petition for review of the commission's order was filed by respondent in the United States Circuit Court of Appeals for the Third Circuit February 15, 1928.

Complaint No. 1392.--In the matter of New York Pharmaceutical Conference (Inc.). Charge: Unfair methods of competition are charged in that the respondent, composed of representatives of local associations of retail druggists of New York City, has undertaken to secure the adoption and maintenance of resale prices by manufacturers, jobbers, and wholesalers (of drugs and druggists' sundries) and the adherence to such retail prices by retail druggists, members of the local associations, and to induce the retailers not to purchase from wholesalers, etc., who fail to adopt the resale price maintenance policy soliciting through interviews with wholesalers, etc., by informing retailers of names of wholesalers who conform, by furnishing "courtesy cards" for use by manufacturers', etc., salesmen introducing the holder as representing a "friendly" concern, by publishing lists of those to whom "courtesy cards" have been issued, by threatening retailers with investigation by the board of pharmacy and the narcotic and prohibition authorities and with bodily harm should they not comply, and other methods to the same end--the general effect of which is the boycotting of nonconforming wholesalers, etc., and depriving them of sales to retailers (an unlawful restraint of trade), all in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: With consent of respondent, an order to cease and desist was entered January 9, 1928.

Complaint No. 1394.--In the matter of Hobart Bradstreet (Inc.), Kling Gibson Co., and William R. Durgin. Charge: Unfair methods of competition are charged in that the respondent Hobart Bradstreet (Inc.), engaged in the business of selling, marketing, and distributing courses in gymnastics and methods of gymnastic exercises or physical exercises named by it " Spine Motion" and " Somatic Motion" and advertising such courses and methods in various magazines and publications, unlawfully conspired and agreed with

respondents Kling-Gibson Co. and William R. Durgin to deceive and defraud the public, whereupon respondent William R. Durgin prepared certain false and misleading advertisements, statements, literature, etc., concerning said courses and methods, which advertisements, statements, literature, etc., were placed in various publications by respondent Kling-Gibson Co. and in the hands of the public, and were intended to and did mislead and deceive purchasers, all in allege violation of section 5 of the Federal Trade Commission act.

Disposition: After hearing, cause was dismissed as to King-Gibson Co. and William R. Durgin (Commissioner Nugent dissenting), and an order to cease and desist was entered against remaining respondents June 30, 1927. (This proceeding, disposed of during fiscal year 1927, and so recorded in the statistical tables, was not so recorded in the text of the annual report for that year, as service upon the parties at interest had not been effected.)

Complaint No. 1431.--In the matter of N. Shure Co. Charge: Unfair methods of competition are charged in that respondent, engaged in the business of selling merchandise of sundry sorts and kinds at wholesale to retail dealers sets forth in its catalogues many false and misleading statements and representations concerning the origin, nature, character, value, and prices of sundry of respondent's said articles of merchandise depicted and described in said catalogues and concerning the materials whereof said articles are made, which statements and representations hold out said merchandise to be of greater value and quality than the actual value and quality thereof, and stamps and imprints similar false statements on certain of its merchandise and labels certain of its merchandise with fictitious and exaggerated prices, thus placing in the hands of its vendees the means of deceiving and defrauding the public, all to the prejudice of the public and respondent's competitors, In alleged violation of section 5 of the Federal Trade Commission act.

Disposition: With consent of respondent, an order to cease and desist was entered March 27, 1928.

Complaint No. 1439.--In the matter of Samuel Dach, doing business under the trade name and style Columbia Novelty Co. Charge: Unfair methods of com-petition are charged in that respondent, engaged in the business of selling perfumery direct to consumers, offers in advertisements to employ the services of the reader as agent to sell respondent's perfumery in consideration of certain " premiums"; the said advertisements contain many false and misleading assertions and representations as to the nature, quality, and value of said premiums which induce and procure many agents who accept such employment acting in the belief that said statements are true, all of which is to the prejudice of the public and respondent's competitors in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: After hearing, an order to cease and desist was entered February 20, 1928.

Complaint No. 1440.--In the matter of David Jacoby and Morris Gottsegen, partners doing business under the trade name and styles Mills Silver Works and Mills Sales Company. Charge: Unfair methods of competition are charged in that respondents engaged in the business of selling merchandise of sundry sorts and kinds at wholesale to retail dealers displays its two trade names, " Mills Silver Works" and " Mills Sale Co.," conspicuously in its advertisements and stationery, said acts having the capacity and tendency to and do mislead and deceive many retail dealers into the belief that respondents are manufacturers and that persons dealing with them save the middlemen's profits, when in truth and in fact respondents are not manufacturers but buy their merchandise from others and resell same at a profit; further, respondents set forth in their advertisements many false and misleading statements concerning the origin, nature, character, and value of many articles of merchandise, which statements hold out said merchandise to be of a greater and higher value and quality than the actual value and quality thereof; all of which acts

have the capacity and tendency to and do mislead retail dealers, to the prejudice of the public and respondents' competitors in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: After hearing, an order to cease and desist was entered July 21, 1927.

Complaint No. 1444.--In the matter of Charles T. Morrissey, doing business under the trade names and styles of Charles T. Morrissey & Co., and Charles Orangeade Co. Charge: Unfair methods of competition are charged in that respondent engaged in the business of manufacturing soft drink powders, labels

the containers of its product With the names and depictions of the fruit from which said powders are said to be made, and supplies dealers With placards and other display matter similarly marked, to be used by said dealers in advertising the drinks made from said powders; in truth and in fact neither said powders nor the beverages made therefrom contain any of the fruit or juice so advertised and depicted, and said acts have the capacity and tendency to mislead and deceive purchasers, to the prejudice of the public and respondent's competitors in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: After hearing, an order to cease and desist was entered May 14, 1928.

Complaint No. 1447.--In the matter of Meteor Coal Co. Charge: Unfair methods of competition are charged in that respondent, engaged in the business of selling coal to dealers, names and designates one grade of its coal as " Pocahontas" coal, which coal is substantially lower in quality and value than a certain bituminous coal of high quality and value known throughout the trade and similarly named, said coal of high quality and value, being mined only in certain portions of Virginia and West Virginia, which act of respondent has the capacity and tendency to and does mislead and deceive the trade and consuming public to the prejudice of the public and respondent's competitors in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: With the consent of respondent an order to cease and desist was entered January 21, 1928.

Complaint No. 1455.--In the matter of James J. Bradley, doing business under the trade name and style of James J. Bradley & Co. Charge: Unfair methods of competition are charged in that respondent engaged in the business of selling toilet and bath soaps, labels and stamps, one of its soaps With the words " English Tub Soap," " Hanson-Jenks, Limited-London-New York" and " James J. Bradley & Co., sole agent, U. S. and Canada" which acts have the capacity and tendency to and do mislead and deceive retail dealers and the consuming public Into the belief that said soap is manufactured in England and imported into the United States, when in truth and in fact said soap is manufactured in the United States, which acts are to the prejudice of the public and respondent's competitors, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: After hearing, an order to cease and desist was entered January 21, 1928.

Complaint No. 1456.--In the matter of Hanford F. Smith. Charge: Unfair methods of competition are charged In that respondent, engaged In the business of teaching sundry arts, sciences, trades, etc., by correspondence, sets forth In his advertising numerous false and misleading statements as to his courses of study, e. g., that respondent's courses are the courses of, and offered by an educational institution designated " Princeton University" or " Princeton N. I. University"; that respondent's institution conducts sundry departments With a properly qualified faculty; that pupils taking said courses will receive appropriate degrees and diplomas and that said institution owns and possesses buildings and grounds in which its educational activities are carried on, all of which statements have the capacity and tendency to and do cause many of the public to take and purchase respondent's courses in the belief that said statements are true, all in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: With consent of respondent, an order to cease and desist was entered June 30, 1927. (This proceeding. disposed of during fiscal year 1927, and so recorded in the statistical tables, was not so recorded in the text of the annual report for that year, as service upon the parties at interest had not been effected.)

Complaint No. 1460.--In the matter of Waterbury Clock Co., Ingersoll Watch Co. (Inc.), Ingersoll Watch Co., George H. Eberhard Co. Charge: Unfair methods of competition are

charged in that respondents engaged In the manufacture and sale of certain watches named and denominated " Ingersoll" watches have enforced and still enforce a system of price maintenance by which they have established uniform minimum prices at which wholesale dealers shall resell to retail dealers and uniform minimum prices at which retail dealers shall resell said watches to the public, and by giving a certain notice and warning to dealers upon invoices, etc., and by trade letters, agreements with wholesalers and retailers, visits by salesmen, intimidation, tracing systems, refusals

to sell, and other methods seek to and do maintain said system of resale prices, which act suppresses competition in the distribution and sale of said " Ingersoll" watches and deprives the ultimate purchasers of those advantages in prices which they would obtain from free competition, all of which is to the prejudice of the public in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: After hearing, an order to cease and desist was entered April 3, 1928.

Complaint No. 1466.--In the matter of Morris Steinberg, trading as Marvel Dress Co. Charge: Unfair methods of competition are charged In that respondent, engaged in conducting the sale of women's dress through mail orders, advertises said dresses as being made or decorated with "silk," "silk lustre pongee," "wool finish," etc., when in truth and in fact said dresses are made of cotton and contain no silk or wool whatsoever, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: After hearing, an order to cease and desist was entered March 17, 1928.

Complaint No. 1469.--In the matter of Herb Juice Medicine Co. Charge: Unfair methods of competition are charged in that respondent engaged in the manufacture and sale of a certain medicine known as " Miller's Herb Juice," has enforced and now enforces a system of uniform resale prices to which end it establishes uniform prices and issues price lists, enters into contracts and agreements with dealers for the maintenance of said prices, procures, local groups of dealers to agree to maintain said prices, seeks and secures information as to nonmaintaining dealers, and exacts promises from wholesale dealers not to supply said price cutters and, further, refuses to sell to either wholesalers or retailers unless the price is maintained, which acts suppress competition in the distribution and sale of respondent's medicine and deprive the ultimate purchasers of those advantages in price and otherwise which they would obtain under conditions of free competition, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: After hearing, an order to cease and desist was entered April 10, 1928.

Complaint No. 1477.--In the matter of Frank P. Snyder, trading under the name and style of Always Ready Products Co. Charge: Unfair methods of competition are charged In that respondent engaged in the production and sale of a battery solution for use in electric storage batteries, makes numerous statements, representations, and advertisements concerning the effectiveness of said solutions in recharging said batteries, which statements, representations, and advertisements are alleged to be false, deceptive, and misleading and have the capacity and tendency to and do mislead purchasers and dealers to purchase the solution in the belief that such statements, assertions, and representations are true, all of which Is to the prejudice of respondent's competitors who do not misrepresent the nature, effect, and ingredients of their product, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: Upon default of appearance, an order to cease and desist was entered October 15, 1927.

Complaint No. 1479.--In the matter of Nathaniel L. Blauston, an Individual, doing business under the names and styles of Marie Antoinette Perle Co. and Bristol Gift House. Charge: Unfair methods of competition are charged in that the respondent, engaged in the sale of jewelry, silverware, flatware, leather goods, and novelties at wholesale, sets forth false and misleading statements and pictorial representations In his catalogues concerning the materials of which his merchandise is composed and the nature and character thereof, thereby tending to mislead and deceive dealers and the purchasing public, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: With the consent of respondent, an order to cease and desist was enter ed February 6, 1928.

Complaint No. 1482.--In the matter of the National Fruit Flavor Co. (Inc.). Charge: Unfair methods of competition are charged in that the respondent; engaged In the manufacture of concentrates and compounds for the production of soft drinks, advertises and provides for the sale of its product as " Grape Squeeze," thereby implying that the beverages made therefrom are derived from grape juice or grapes when, In fact, the concentrate is not made or derived from grape juice or grapes but results in a beverage imitating grape juice in color, odor, and taste, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: Upon default of appearance, an order to cease and desist was entered January 30, 1928.

Complaint No. 1483.--In the matter of Samuel Booth. Charge: Unfair methods of competition are charged in that the respondent engaged in the sale of bedspreads and knitted goods under the trade names Household Supply Co. and Crawford Knitting Mills, describes and represents his bedspreads as consisting of silk, when, in fact, the material contains no silk, and certain of his knitted goods as consisting of 100 per cent pure worsted manufactured by the Crawford Knitting Mills which are held out to be the largest knitting mills in the world, when, in fact, said knitted goods contain no more than 35 per cent of wool and said mills exist in trade name only, thereby tending to mislead and deceive the purchasing public and to injure competitors who do not practice misrepresentation, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: Respondent waiving hearing, an order to cease and desist was entered June 30, 1928.

Complaint No. 1485.--In the matter of School of Applied Art. Charge: Unfair methods of competition are charged in that the respondent, engaged in the business of giving courses of instruction in applied art by correspondence, advertises a 20 per cent discount for subscription within a stated time when, in fact, there is no discount, the reduced price advertised being the respondent's regular price, and, further, in that the respondent advertises that he will give "free" an artist's outfit of tools and a set of instruction books when, in fact, the cost of such tools and books is included in the price demanded by respondent for its course of instruction, In alleged violation of section 5 of the Federal Trade Commission act.

Disposition: With the consent of respondent, an order to cease and desist was entered November 28, 1927.

Complaint No. 1489.--In the matter of R. P. Kuhns, Homer Lay, Roy Deck, and E J. Sterner, partners, doing business under the trade name and style Eastern Seed Co. Charge: Unfair methods of competition are charged In that the respondents, engaged in the sale of seeds through agents who are given premiums and prizes as and in lieu of compensation, make numerous false and misleading statements as to the quality and value of said premiums, tend to mislead their agents as to the number of packages of seed to be sold as a condition of earning said premiums and, further, in that respondents' claims as to the testing of seeds in gardens maintained by them for that purpose are false, no tests being effected and no gardens maintained, all in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: After a stipulation in lieu of testimony, an order to cease and desist was entered May 17, 1928.

Complaint No. 1505.--In the matter of Greer College of Automotive Engineering, Erwin Greer, and Frederick Greer. Charge: Unfair methods of competition are charged in that the respondent, engaged in the sale of courses of instruction in the sciences, trades, and professions, advertises reduced or special tuition fees which are, in fact, the regular and full prices for the courses of instruction, thereby tending to mislead and deceive the purchasing public and to injure competitors who do not advertise on the basis of fictitious prices, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: With the consent of respondent, an order to cease and desist was entered June 30, 1928.

2. ORDERS OF DISMISSAL

NOTE.--Two orders of dismissal included in statistics for 1927, but served during 1928, are included herewith.

Complaint No. 457.--In the matter of Western Meat Co. and Nevada Packing Co. Charge: That respondents have violated section 5 of the Federal Trade Commission act and section 8 of the Clayton Act by having F. L. Washburn, a director of both the Western Meat Co. and the Nevada Packing Co. (between which companies competition existed), and Illegally acquiring by the Western Meat Co. the capital stock of the Nevada Packing Co., which acquisition suspended between respondents competition which therefore existed between them. and tended to create a monopoly.

Disposition: Dismissed after trial.

Complaint No. 902.--In the matter of The Chicago Tobacco Jobbers' Association; its officers and members, and the American Tobacco Co., respondents. Charge: The charge is unfair competition in that the association and its mem-

bers agreed upon a schedule of fixed prices at which the members should resell tobacco products to their customers and that the American Tobacco Co. entered into an agreement with the association and its members to assist them in maintaining the prices filed and agreed upon, all in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: Dismissed after trial by reason of decision of Supreme Court of the United States in Federal Trade Commission v. American Tobacco Company, commission's Docket 886.

Complaint No. 1089.--In the matter of The Three-In-One Oil Co. Charge Unfair methods of competition are charged in that the respondent employs a system for the maintenance and enforcement of certain specified uniform prices fixed by it at which its oil shall be resold by wholesale and retail dealers, respectively, and uses cooperative means of accomplishing the maintenance of said retail prices, thereby tending to restrain the natural flow of commerce and freedom of competition, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: Dismissed after trial, Commissioner Nugent dissenting. (This proceeding, disposed of during fiscal year 1927, and so recorded in the statistical tables, was not so recorded in the text of the annual report for that year, as service upon the parties at interest had not been effected.)

Complaint No. 1153.--In the matter of The National Association of Stationers & Manufacturers of the United States, its officers and members et al. Charge: Unfair methods of competition are charged in that the respondent associations of stationery manufacturers and dealers entered into a combination and conspiracy with the purpose, intent, and effect of discouraging, stifling, and suppressing competition in the wholesale and retail stationery trade and of enhancing the prices of such goods by (a) establishing and maintaining a National Catalogue Commission for the preparation and distribution of lists of standard minimum retail prices; (b) establishing and maintaining local committees to further the purposes of the National Catalogue Commission; (c) inducing manufacturers to adopt the recommendations of the National Catalogue Commission and to increase their list prices, enlarge trade discounts, and standardize resale prices; (d) endeavoring to compel the adoption of said minimum prices and standard retailers' discounts; (e) securing the adoption of standard cost-keeping methods which have the effect of inflating costs as a basis for the gross margins to be secured and the resale prices to be recommended; (f) encouraging refusal to sell to price cutters; (g) by inducing dealers to boycott manufacturers not in harmony with the policies of the respondents and give preference to cooperating manufacturers; (h) circulating false and derogatory statements concerning the quality of goods and business methods of those who refuse to adopt the respondents' recommendations; (I) inducing manufacturers to refuse to sell to the so called irregular dealers, transient dealers, and brokers; (j) endeavoring to eliminate competition between the various branches of the trade and discriminating in favor of manufacturers who abstain from selling direct to consumers (k) gathering and disseminating information in aid of the enforcement of the aforesaid policies and excluding. from membership in the respondent association all retailers not in harmony with said policies, all in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: Dismissed after trial.

Complaint No. 1201.--In the matter of J. R. Speal, Hartman & Mainahan L. L. Hardesty & Co., Charles Jacobs, Rowe V. Clark, J. A. Morgan & Sons, W. K. Morgan & Co., Paul Brown, W. F. Allen & Co. Charge: Unfair methods of competition are charged In that the respondents have combined and cooperated to eliminate competition in the purchase of strawberries in the producers' market for a large strawberry-producing. area, and thereby restrict the prices paid to

an amount substantially less than the growers would receive under conditions of free and Open competitive purchasing, and in that the respondents thereafter cause their principals, without their knowledge or consent to pay prices substantially in excess of the amounts paid by the respondents to the growers of the strawberries, thereby tending to enhance prices of said strawberries to a large number of the consuming public, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: Dismissed after trial.

Complaint No. 1238.--In the manner of M. Rea Gano, Gano Moore Co., Gano Moore Coal Mining Co. (Inc.). Charge: Unfair methods of competition are charged in that the respondents, engaged in the business of exporting coal from the United States to South America, accepted orders and received payment

from foreign customers for coal of a specified quality and quantity and willfully or through negligence delivered for the coal so ordered coal of a quality inferior thereto, failed to make deliveries at the time specified and of the quantities ordered, refused to make deliveries contracted for except at increased prices, and endeavored to induce customers to enter into agreements to disregard the export regulations of the United States Government, thereby tending to bring American trade into disrepute with the South American buying public and to Injure and damage the reputation and business of American exporters, in alleged violation of the Federal Trade Commission act as extended by the provisions of section 4 of the Webb Act.

Disposition : Dismissed after stipulation in lieu of testimony.

Complaint No. 1241.--In the matter of Julius Klorfein. Charge: Unfair methods of competition are charged in that the respondent, engaged in the manufacture of cigars In the States of New York and Pennsylvania and in the sales thereof, labels his product with the words "Havana," "Vuelta Abajo," and "Garcia" in connection with a design registered by him in the United States Patent Office as a trade-mark for cigars and causes the said words to appear as a part of said trade-mark when such is not the fact, thereby tending to mislead and deceive the purchasing public to believe that the respondent's cigars are made wholly from tobacco grown in Cuba and either wholly or In part of tobacco grown in the Vuelta Abajo district by manufacturers of the surname "Garcia" and that the respondent was the first, and is entitled to the exclusive right in the United States, to use the word " Garcia" in connection with the sale of cigars, all in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: Dismissed after trial, charges having been disposed of satisfactorily to commission by stipulation.

Complaint No. 1271.--In the matter of Wadeeh Rizcallah, Selin Katin, Badie Katin, partners doing business under the trade name and style W. Rizcallah & Co. Charge : Unfair methods of competition are charged in that the respondents, engaged in the importation of lace from China and the sale thereof to garment manufacturers, designate their lace as " Irish picot," " Irish beading," and " Real Irish edge," thereby misleading and deceiving the purchasing public as to the quality and value of respondent's product, and tending to Injure competitors who are in fact importers of Irish lace, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: Dismissed.

Complaint No. 1290--In the matter of Abrasive Paper and Cloth Manufacturers' Exchange, its officers and members. Charge: Unfair methods of competition are charged in that the respondents are engaged in an unlawful combination and conspiracy entered into with the purpose and intention of unduly enhancing the prices of abrasives and of fixing uniform prices, terms, and discounts at and upon which the abrasives manufactured by the members should be sold, and of stifling and suppressing competition in the sale and distribution of abrasives, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: Dismissed without prejudice, after trial.

Complaint No. 1299.--In the matter of Heywood-Wakefield Co. Charge: Unfair methods of competition are charged in that the respondent, engaged in the manufacture of furniture perambulators and other like articles which consist in whole or in part of a woven fabric resembling wicker-work, advertises and rep resents its wares as " wicker" wares when in fact the material used by the respondent Is wood-paper pulp processed and worked into a form resembling withes or cordage, thereby tending to deceive the trade and purchasing public and to injure competitors who do not misrepresent their products, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: Dismissed, respondent having agreed to comply with rules of the industry as

approved by Federal Trade Commission following trade practice conference held for the woven furniture industry.

Complaint No. 1322.--In the matter of Pacific Southwest Import Co. Charge : Unfair methods of competition are charged in that respondent has sold, and continues to sell, certain hardwood lumber and other hardwood:
products, at wholesale and retail, to dealers in hardwood lumber, manufacturers of furniture, and other users of hardwood lumber under the name and designation of "Philippine mahogany," and in advertisements, circular letters, and other correspondence with purchasers and prospective purchasers, on letterheads, invoices, price lists, and other trade literature, has represented,

named, and designated, and continues to represent, name, and designate, said hardwood lumber and other hardwood products as " Philippine mahogany," when In truth and in fact said hardwood lumber and other hardwood products so sold by it are not mahogany wood, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: Dismissed, respondent having discontinued business.

Complaint No. 1340.--In the matter of Marion Tool Works (Inc.) Charge: Unfair methods of competition are charged in that the respondent, engaged in the manufacture and sale of tools; advertises and sells certain of Its products as "Crecoite steel tools," when In fact the metal parts of the respondent's said tools are not composed of steel but are composed of a metal other than steel, thereby tending to mislead and deceive the purchasing public and to injure competitors who do not practice misrepresentation, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: Dismissed after trial, without prejudice to right of commission to take further appropriate action should respondent resume use of word "steel" in connection with manufacture and sale of tools referred to in complaint.

Complaint No. 1346.--In the matter of Con-Ferro Paint & Varnish Co. Charge : Unfair methods of competition are charged in that the respondent; engaged in the manufacture and sale of paints, makes numerous false and mis-leading statements as to the quality and value of its products, thereby tending to mislead the purchasing public and to injure competitors who do not misrepresent their products, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: Dismissed after trial.

Complaint No. 1368.--In the matter of Korean H. Basmadjian, doing business under the trade name and style H. Basmadjian & Sons. Charge : Unfair methods of competition are charged in that the respondent, engaged in the sale of pistachio nuts, makes numerous false and misleading statements and representations to the effect that H. Basmadjian & Sons are the growers of the pistachio nuts in which they deal and that their nuts are of better and higher quality than pistachio nuts bought in the open market in the ordinary course of trade, when in fact the respondent never has grown or produced pistachio nuts, thereby tending to mislead the purchasing public and to injure competitors who do not practice misrepresentation, In alleged violation of section 5 of the Federal Trade Commission act.

Disposition : Dismissed, respondent having discontinued business. (This proceeding, disposed of during fiscal year 1928, and so recorded in the statistical tables, was not so recorded in the text of the annual report for that year, as service upon the parties at interest had not been effected.)

Complaint No. 1387.--In the matter of Reading Saddle & Manufacturing Co. Charge: Unfair methods of competition are charged In that the respondent, engaged in the manufacture of tools, advertises, labels, and sells certain Of its products as "steel," "converted steel," or " solid steel," when in fact the said tools are not composed of steel and are composed of a metal other than steel, thereby tending to mislead and deceive the purchasing public and to injure competitors who do not practice misrepresentation in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: Dismissed without prejudice to right of commission to take further appropriate action should respondent resume use of word " steel" in connection with the manufacture and sale of tools referred to in complaint.

Complaint No. 1390.--In the matter of John H. Dockman & Son. Charge: Unfair methods of

competition are charged in that the respondent engaged in the business of manufacturing and selling candy specialties furnishes to the retail dealer ordering a specified quantity thereof a punch-board device for use in the sale of its candy products to the purchasing public, which board contains 300 holes, in each of which is secreted a ball, the balls being variously colored; the purchaser of each 1-cent piece of candy is privileged to punch one of the balls from the board, the color of the ball so produced determining the kind of option the customer may exercise In the purchase of another of several candy specialties also manufactured and sold by respondent, there being no option in the case of black balls, by which practice, it is charged, dealers are placed in possession of the means whereby they can Commit a fraud on the public, and trade is diverted to respondent from competitors who market their products through retail dealers without the use of punch boards, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: Dismissed after trial.

Complaint No. 1395.--In the matter of Wrightsville Hardware Co. Charge; Unfair methods of competition are charged in that the respondent, engaged in the manufacture of hardware, coffee mills, house furnishing specialties and gray iron castings, makes and sells a nail hammer designated by it as a "cast steel nail hammer" and stamps into the head of said hammer the Words "cast steel," such statements being false and misleading, as said hammers are not made of steel but are made of malleable iron, and deceives the purchasing public in so doing, such acts tending to divert business from and otherwise injure and prejudice competitors who do not practice misrepresentation, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition : Dismissed without prejudice to the right of the commission to take further appropriate action should respondent resume use of the word "steel" in connection with the manufacture and sale of tools referred to in complaint.

Complaint No. 1436.--In the matter of M. W. Savage Co. Charge: Unfair methods of competition are charged in that respondent, engaged in the business of selling direct to the consumer by mail, articles of merchandise of sundry sorts, obtains orders for and makes sales of its merchandise through and by means of certain catalogues in which it causes to be set forth many false and misleading statements and representations concerning the origin, nature, character, and value of sundry of its articles of merchandise depicted and described In said catalogues and concerning the materials whereof said articles are made, which statements and representations hold out said merchandise to be of a greater and higher value and quality than the actual value and quality thereof, said acts and practices being to the prejudice of the public and respondent's competitors, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: Dismissed after trial, respondent having stipulated to desist from practices charged in complaint.

Complaint No. 1445.--In the matter of Wholesale Confectioners Club of Richmond, Va., Its officers and members. Charge : Unfair methods of competition are charged in that respondent engaged in selling confectionery and allied N products has with its members cooperated and confederated to prevent competing dealers from obtaining confectionery and allied products directly from the manufacturers thereof, to fix uniform prices of resale, to prevent others from selling at less prices, and, through the following means, to suppress competition. The fixing of prices, the holding of meetings for the interchange of information, etc., the notification of and seeking to induce manufacturers to abide by and adhere to respondent's plan, boycott and threats of boycott, and other means, the effect and result of which acts and practices is to substantially lessen, hinder, and suppress competition to the prejudice of the public and respondent's competitors in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: Dismissed, court proceedings in United States of America against respondents having resulted in a decree which enjoins respondents from fol-lowing practices charged in complaint.

Complaint No. 1446.--In the matter of Douglass Caramel Co. Charge: Unfair methods of competition are charged in that respondent, engaged in the manufacture and sale of candies, has put Into effect a scheme which is intended to induce the consuming public to participate in a lottery, its candies for sale at 1 cent each and uniform in appearance being packed in display boxes with prizes for the purchasers who choose candies which, prove to have colored centers instead of the white or cream colored centers, found in most of the candies, thereby tending to induce the consuming public to purchase respondent's candles In preference to the products of

its competitors who do not give prizes won by chances or otherwise, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: Dismissed.

Complaint No. 1448.--In the matter of J. W. Elwood, A. E Parmalee, and A. B. Carpenter, partners, doing business under the trade name and style Northwestern Fur Co. Charge : Unfair methods of competition are charged in that respondents engaged in the business of teaching the art and trade of furriery by correspondence, set forth in their advertising certain amounts which they falsely represent to be the regular and usual prices charged by them for their course of instruction together with false representation to the effect that for a limited time said price will be reduced if pupils take advantage of said

offer within the time stated, which acts have the capacity and tendency to and do cause many of the public to purchase respondents' course in the belief said statements are true, when In truth and in fact said prices are the regular and usual prices charged by respondents, thus injuring competitors who do not use such method, all of which is to the prejudice of the public and respondents competitors in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: Dismissed, respondent having agreed to comply with rules of the industry as approved by the commission, following trade practice conference with correspondence school industry.

Complaint No. 1449.--In the matter of J. W. Elwood, A. E Parmalee, and A. B. Carpenter, partners, doing business under the trade name and style North western School of Taxidermy. Charge : Unfair methods of competition are charged in that respondents engaged in the business of teaching the art and trade of taxidermy by correspondence set forth in their advertising certain amounts which they falsely represent to be the regular and usual prices charged by them for their course of instruction together with false representations to the effect that for a limited time said price will be reduced if pupils take advantage of said offer within the time stated, which acts have the capacity and tendency to and do cause many of the public to purchase respondents' course In the belief said statements are true when in truth and in fact said prices are the regular and usual prices charged by respondents, thus injuring competitors who do not use such method, all of which is to the prejudice of the public and respondents' competitors in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: Dismissed, respondent having agreed to comply with rules of the industry as approved by the commission following trade practice conference with correspondence school industry.

Complaint No. 1454.--In the matter of Maiden Knitting Mills. Charge: Unfair methods of competition are charged in that respondent engaged in the manufacture and sale of knitted garments, labels certain of its garments "guaranteed all wool," "all wool," "100 per cent wool" and similar phrases, when in truth and in fact said knitted garments are not composed wholly of wool but of part wool and part cotton, and by said act places in the hands of dealers the means of committing a fraud upon each other and the consuming public which acts are to the prejudice of the public and respondent's competitors who do not so represent, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: Dismissed without prejudice, after trial.

Complaint No. 1463.-In the matter of W. R. Maxwell. Charge : Unfair methods of competition are charged in that respondent engaged at Chicago, Ill., under the trade name " National Business Institute," in selling a "Business Administration Course and Service," offers said course to customers at a price stated by him to he an " introductory price" or a " special price" of $37.50 and that the regular price is $150, when in truth and In fact $37.50 is the regular price and the $150 price is fictitious, and further represents that the course is a course in accountancy, when in truth and in fact it is not an accountancy course but is a course in business administration, which false representations have the capacity and tendency to and do cause many persons to purchase said course in the belief that said representations are true, which acts are to the prejudice of the public and respondent's competitors in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: Dismissed, respondent having agreed to comply with the rules of the industry as approved by the commission, following trade practice conference with correspondence school industry.

Complaint No. 1471.--In the matter of the Figaro Co. Charge : Unfair methods of competition are charged in that respondent, engaged in the manufacture and sale of certain products for use in curing meats called and labeled "Figaro Smoked Salt" and "Figaro Liquid Smoke," advertises its products as "Figaro Sugar-Curing Smoked Salt, made from condensed and refined (liquid) smoke," "Cures, Flavors, Smokes," and "Figaro Liquid Smoke," and that they contain "wood smoke" and are produced by condensing wood smoke, when in truth and in fact said products do not contain smoke, but the contents so referred to is approximately 80 per cent crude pyroligneous acid, which acts mislead the purchasing public to its prejudice, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: Dismissed.

Complaint No. 1475.--In the matter of Omaha Tanning Co. and W. C. Kalash. Charge: Unfair methods of competition are charged In that respondent engaged in the business of tanning hides and the manufacture and sale of harness, saddles, and horse collars, makes numerous statements in its advertisements and also in radio talks given by its president, W. C. Kalash, to the effect that all harness manufactured by it is made of leather tanned in its own tannery, that buyers save all middlemen's profits through buying from respondent, and that all leather used in respondent's harness passes the most rigid test, all of which statements are false and misleading and have the capacity and tendency to and do cause the public to buy respondent's products, which acts are to the prejudice of the public and respondents' competitors who do not so act, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: Dismissed, having been disposed of satisfactorily to, commission by stipulation whereby respondent agrees to desist from practices charged.

Complaint No. 1484.--In the matter of Sandow-Lewis (Inc.). Charge: Unfair methods of competition are charged in that the respondent, engaged in giving courses of instruction in physical culture by mail, advertises that the regular price for its course of instruction is $50, but that a special price of $30 is offered for those subscribing immediately, when in fact said price never has been $50; and, further, in that the respondent's advertisements and business literature set forth a picture of a large building bearing the sign " Sandow Lewis, Incorporated," in such a manner as to import that the entire building is owned or occupied by the respondent when, in fact, the respondent's place of business consists of a rented room in a building bearing no sign similar to that pictured, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: Dismissed, respondent having agreed to abide by rules of the industry as approved by the commission, following trade practice conference with correspondence-school industry.

Complaint No. 1488.--In the matter of the Benjamin Brooks Co. Charge: Unfair methods of competition are charged in that respondent engaged in the business of selling sundry articles of merchandise, makes numerous false, mis leading, and deceptive statements and representations concerning the articles of merchandise in which it deals and the materials whereof said merchandise is composed, which acts are to the injury and prejudice of competitors who do not so act, in that business is diverted from said competitors in alleged violation of section 5 of the Federal Trade Commission act.

Disposition: Dismissed, respondent having discontinued business.

Complaint No. 1490.--In the matter of Suffolk Knitting Mills, Frank Cohen, Sam Caplan, Paul Cohen. Charge : Unfair methods of competition are charged in that the respondent corporation and its trustees in liquidation, engaged in the manufacture and sale of sweaters and knit goods, label and sell said products as " wool," " 100 per cent all wool," etc., when, in fact, the articles are manufactured from shoddy wool mixed with cotton, thereby tending to mislead and deceive the purchasing public and to injure competitors who do not practice misrepresentation, in alleged violation of section 5 of the Federal Trade Commission act.

Disposition Dismissed, respondent company having been dissolved by special act of General Court of Massachusetts, approved April 15, 1927.

Complaint No. 1497.--In the matter of Continental Sugar Co. Charge: Unlawful restraint and monopoly are charged in that the respondent, engaged in. the manufacture and sale of beet sugar, acquired the stock or share capital of the St. Louis, Sugar Co., thereby tending to substantially lessen competition and to restrain commerce in sugar, in alleged violation of section 7 of the Clayton Act.

Disposition: Dismissed, after hearing before board of review.

EXHIBIT 7

COMPLAINTS PENDING JULY 1, 1928, AND STATUS

Complaint No. 288.--In the matter of the Hoover Suction Sweeper Co. Charge: Unfair methods of competition in the manufacture and sale of vacuum sweepers to the extent that it has been giving and offering to give cash bonuses and prizes to employees of Its competitors and the employees of dealers handling the products of its competitors as an inducement to influence them to favor the sale of respondent's products over those of its competitors in alleged violation of section 5 of the Federal Trade Commission act. Status: An order to cease and desist, entered May 27, 1919, was vacated by commission order dated May 12, 1928, and the case is now before the commission for consideration looking toward the issuance of a modified order to cease and desist.

Complaint. No. 540.--In the matter Royal Baking Powder Co. Charge: Using unfair methods of competition by unfairly representing and charging that its competitors' products contain alum, to wit. sodium aluminum sulphate (SaS), and are harmful, unhealthful, deleterious, and dangerous to users and consumers of such baking powders, in alleged violation of section 5 of the Federal Trade Commission act. Status: Awaiting trial following denial of respondent's appeal to Supreme Court of the District of Columbia from commission's order rescinding its order of dismissal entered March 23, 1926, and reopening case.

Complaint No 962.--In the matter of Bethlehem Steel Corporation, Bethlehem Steel Co., Bethlehem Steel Bridge Corporation, Lackawanna Steel Co., Lackawanna Bridge Works Corporation, Midvale Steel & Ordnance Co., Cambria Steel Co. Charge : The respondent, the Bethlehem Steel Corporation, on or about October 25, 1922, acquired the properties, assets, and businesses of the Lackawanna Steel Co. and its subsidiaries and is now acquiring and has acquired the properties, assets, and businesses of the respondents, MIdvale Steel & Ordnance Co. and Cambria Steel Co. Unfair methods of competition in commerce are charged in that the respondents by uniting under a common ownership and management and thereby effecting control of the Iron and steel products originating in their respective territories tend to substantially lessen potential and actual competition, contrary to the public policy expressed in section 7 of the Clayton Act and in alleged violation of section 5 of the Federal Trade Commission act, to unduly hinder competition in the Iron and steel industries in said territory and unreasonably restrict competition so as to restrain trade contrary to the public policy expressed in sections 1 and 3 of the Sherman Act and In alleged violation of section 5 of the Federal Trade Commission act. Status : In course of trial.

Complaint No. 1110.--In the matter of James S. Kirk & Co. Charge: Unfair methods of competition are charged in that the respondent has manufactured and sold in addition to its several brands of soap which contain various percentages of olive oil, seven other separate kinds of soap which it labeled, advertised, and sold as "Castile" soaps, though said soaps contained no olive oil content whatsoever, thereby tending to mislead and deceive the public into the belief that the respondent's soaps are genuine Castile soap the oil ingredient of which is olive oil, in alleged violation of Section 5 or the Federal Trade Commission act. Status : Awaiting final argument.

Complaint No 1115.---In the matter of General Electric Co., American Telephone & Telegraph Co., Western Electric Co. (Inc.), Westinghouse Electric & Manufacturing Co., The International Radio Telegraph Co., United Fruit Co., Wireless Specialty Apparatus Co., and Radio Corporation of America. Charge : Unfair methods of competition are charged In that the respondents have combined and conspired for the purpose and with the effect of restraining competition and creating an monopoly in the manufacture, purchase, and smile of radio devices and apparatus by: (l) Acquiring patents and patent rights covering

all radio devices and apparatus and combining and pooling or allotting the rights thereunder ton manufacture, sell, or use such devices and apparatus; (2) granting to the respondent Radio Corporation of America the exclusive right to sell certain radio devices and restricting its purchases to the products of certain of the respondent manufacturers; (3) restricting the competition of certain respondents ; (4) restricting the use in radio communication or broadcasting of articles manufactured and sold under respondent's patents mind patent rights; (5) acquiring equipment heretofore existing for transoceanic radio communication and perpetuating the monopoly thereof by refusing to supply to others the apparatus and devices necessary for the employment and operation of certain service ; (6) entering into exclusive contracts and preferential agreements for the handling of transoceanic radio traffic and the transmission of radio messages in this country, thereby excluding others from the necessary facilities for the transmission of radio traffic; and (7) agreeing mind contracting earning themselves to cooperate in the development of new inventions relating to radio and to exchange patents covering the results of the research and experiment of their employees in the art of radio, seeking thereby to perpetuate their control arid monopoly of the various means of radio communication and broadcasting license the time covered by existing' patents owned by their or under which they are licensed, all in alleged violation of section 5 of the Federal Trade Commission act. Status : In course of trial.

Complaint No. 1127.--In the matter of Calumet Baking Powder Co. Charge : Unfair methods of competition are charged in that the respondent has published and circulated numerous false and misleading statements in disparagement of " K. C. baking powder," a product of the Jaques Manufacturing Co., thereby tending to mislead the trade into the belief that said K. C. baking powder is an inferior, adulterated, and undesirable product and to injure and damage the business and good will of said competitor, the Jaques Manufacturing Co., in alleged violation of section 5 of the Federal Trade Commission act. Status : Awaiting examiners report.

Complaint No. 1215.--In the matter of Motor Wheel Corporation. Charge : Unfair methods of competition are charged in that resplendent, engaged in the manufacture and sale of wooden wheels and steel disc wheels for automobiles and sundry parts and materials therefor, having acquired the businesses and assets of its competitors, Prudden Wheel Co. and Auto Wheel Co.; proceeded to and did acquire the corporate stock of Forsythe Bros. Co., the only competitor of the respondent during the year 1922 in the manufacture of steel disc wheels, thereby tending to lessen competition, restrain interstate commerce and to create a monopoly, in alleged violation of section 7 of the Clayton act. Status: Awaiting examiners report.

Complaint No. 1245.--In the matter of B. Z. B. Knitting Co. Charge : Unfair methods of competition are charged in that the respondent, engaged in the manufacture and sale of hosiery, advertised its product as "fashioned" or "full fashioned" hosiery, when in fact said hosiery is not "fashioned" as the term is understood by the public, thereby tending to mislead and deceive the purchasing public, in alleged violation of section 5 of the Federal Trade Commission act. Status : At issue.

Complaint No. 1251.--In the matter of American Association of Advertising Agencies, its officers, executive board, and members ; American Press Association, a corporation ; Southern Newspaper Publishers' Association, its officers, directors, and members. Charge : Unfair methods of competition are charged in that the respondents are engaged In a combination and conspiracy affecting national advertising throughout the United States, entered into with the purpose of compelling national advertisers to employ respondent agencies or other advertising agencies in the placing of national advertising in newspapers throughout the United States and

to prevent said advertisers from advertising directly in said newspapers at the minimum "net" rates and to compel said advertisers to pay at the maximum "gross" rates, employing various cooperative means to effectuate said combination and conspiracy the effect of which is to hinder and obstruct national advertising throughout the United States : to restrict the distribution of such advertising, and of the type parts essential thereto, to channels and upon terms and conditions dictated by the respondents ; to restrict the publication of national advertising to newspapers selected and approved by the respondents ; to compel newspaper publishers to charge for the publication of national advertising at maximum gross rates and to prevent them from according minimum net rates to direct advertisers ; to compel the employment of the respondents or other agencies as intermediaries

in placing national advertising, or in the alternative to pay for direct advertising at the maximum gross rates and in addition thereto to prepare and distribute their advertisements at their own expense, and to hinder and obstruct the marketing of goods, wares, and merchandise, all in alleged violation of section 5 of the Federal Trade Commission act. Status : In course of trial.

Complaint No. 1263.--In the matter of National Leather & Shoe Finders' Association, Its officers, executive committee. and members; Greater Boston and New England Leather and Finders' Credit Bureau; Central States Leather and Finders' Credit Bureau; Central West Leather and Finders' Credit Bureau; Northwestern Leather and Finders' Credit Bureau; Northern New Jersey Leather and Finders' Credit Bureau; Wisconsin Leather and Finders' Credit Bureau; New York State Leather and Finders' Credit Bureau; Shoe Finders' Board of Trade; Colorado Leather and Finders' Credit Bureau; Pittsburgh Leather and Finders' Credit Bureau; Philadelphia Leather and Finders' Credit Bureau; Baltimore Leather and Finders' Credit Bureau; Greater New York Leather and Finders' Credit Bureau; Capital Leather and Finders' Credit Bureau of Albany, N. Y.; Michigan Leather and Finders' Credit Bureau of Detroit; Illinois Leather and Finders' Credit Bureau (Inc.); Cleveland Leather and Finders' Credit Bureau; Toledo Leather and Finders' Credit Bureau; Cincinnati Leather and Finders' Credit Bureau; St. Louis Leather and Finders' Credit Bureau; Connecticut Leather and Finders' Credit Bureau; Virginia Leather and Finders' Credit Bureau; Iowa and Nebraska Leather and Finders' Credit Bureau; Missouri, Kansas, and Arkansas Leather and Finders' Credit Bureau; Illinois State Leather and Finders' Credit Bureau ; Louisville Leather and Finders' Credit Bureau; Twin Cities Leather and Finders' Credit Bureau; Rubber Heel Club of America and the officers and members thereof. Charge: Unfair methods of competition are charged In that the respondents have combined and conspired with the intent and effect of discouraging, stifling, and suppressing competition in price and otherwise In the sale and distribution of shoe findings and In shoe-repair service, and of confining such commerce to " regular." channels of trade and "legitimate" dealers, in alleged violation of section 5 of the Federal Trade Commission act. Status : At issue.

Complaint No. 1269.--Federal Trade Commission *v*. Shanghai Lace Corporation. Charge: Unfair methods of competition are charged in that the respondent, engaged in the importation of lace from China and in the sale thereof to the manufacturers of garments, describes its lace as "Irish picot," "Irish edge," and "Real Irish edge," thereby misleading and deceiving the purchasing public as to the quality and value of respondent's product and tending to injure competitors who are in fact Importers of Irish lace, in alleged violation of section 5 of the Federal Trade Commission act. Status: Awaitng respondent's brief.

Complaint No. 1273.--In the matter of. Abraham D. Sutton, David Sutton, Selim Sutton, partners doing business under the trade name and style A. D. Sutton & Sons. Charge: Unfair methods of competition are charged in that the respondents, engaged in the importation of lace from China and the sale thereof to garment manufacturers, designate their lace as "Irish picot," "Irish beading," and "Real Irish edge," thereby misleading and deceiving the purchasing public as to the quality and value of respondent's product, and tending to injure competitors who are in fact importers of Irish lace, in alleged violation of section 5 of the Federal Trade Commission act. Status: Awaitng respondent's brief.

Complaint No. 1274.--In the matter of Alfred Kohlberg (Inc.). Charge: Unfair methods of competition are charged In that the respondent, engaged in the importation of lace from China and the sale thereof to garment manufacturers, designates its lace as "Irish Swatow" and "Irish Siccawei," thereby tending to mislead and deceive the purchasing public as to the quality and

value of the respondent's product and to injure competitors who are in fact Importers of Irish lace, in alleged violation of section 5 of the Federal Trade Commission act. Status: Awaitng respondent's brief.

Complaint No. 1275.--In the matter of Abraham Lian, George Marabak, R. Lian, William Lian, Michael Marabak, Joseph Marabak, John Marabak, Sahid Lian, partners doing business under the trade name and style Lian & Marabak. Charge: Unfair methods of competition are charged in that the respondents, engaged in the importation of lace from China and the sale thereof to manufacturers of garments, designate their lace as "Irish lace," thereby misleading and deceiving the purchasing public as to quality and value of respondents' product and tending to injure competitors who are in fact Importers of Irish lace, In alleged violation of section 5 of the Federal Trade Commission act. Status: Awaitng respondent's brief.

Complaint No. 1283.--In the matter of Non-Plate Engraving Co. (Inc.), a corporation. Charge: Unfair methods of competition are charged in that the respondent. engaged in the printing of stationery, indicates by the use of its corporate name and its advertising matter that it is engaged in the business of engraving when in fact the process used by the respondent is not one of engraving but involves printing to simulate the impression made from engraved plates, in alleged violation of section 5 of the Federal Trade Commission act. Status: At issue.

Complaint No. 1292.--In the matter of Calumet Baking Powder Co. Charge: Unfair methods of competition are charged in that the respondent, engaged in the manufacture and sale of baking powders, has caused to be set forth statements and innuendoes untruthfully and unfairly representing that its competitor, Royal Baking Powder Co., packs its Royal Baking Powder in 6 and 12 ounce cans, instead of one-half pound and pound cans, for the purpose of cheating the public by passing off and causing the trade to pass off said 6 and 12 ounce cans as and for one-half pound and pound cans, respectively; and In that the respondent has adopted the practice of disseminating statements and comments calculated to further the interests of respondent and in disparagement and derogation of the products and businesses of its competitors, concealing its connection with the various methods through which said practice was carried into effect; and further in that the respondent falsely represented that the baking powder of its competitor, Royal Baking Powder Co., forms or tends to form a hard mass In the digestive tract in persons consuming food prepared therewith, its house-to-house canvassers and demonstrators making misleading comparisons and tests to deceive the purchasing public, all In alleged violation of section 5 of the Federal Trade Commission act. Status: Respondents motion to dismiss awaiting consideration until after final disposition of docket 1127 in the mater of Calumet Baking Powder Co.

Complaint No. 1311.--In the matter of Masland Duraleather Co., W. & J. Sloane. The respondent Masland Duraleather Co. Is engaged in the manufacture of imitation leather and the sale thereof through the respondent W. & J. Sloane. Charge: Unfair methods of competition are charged in that the respondents brand and label a coated fabric, made in imitation of but containing no leather, as "Duraleather," thereby enabling vendees to misrepresent articles made of respondents' product and injuring the business of competitors who do not practice misrepresentation; and in that the respondents' trade name "Duraleather" simulates the trade name "Duro," used for many years by their competitor A. C. Lawrence Leather Co., in advertising and selling Its product as "Duro leather," thereby tending to mislead and deceive the trade into belief that the respondents' product is a product of the aforesaid competitor, all in alleged violation of section 5 of the Federal Trade Commission act. Status: Awaiting final argument.

Complaint No. 1319.--In the matter of West Coast Theatres (Inc.). West Coast Theatres (Inc.) of Northern California, Venice Investment Co., Holly wood Theatres (Inc.), All Star Feature Distributors (Inc.), Educational Film Exchange Principal Pictures Corporation H. M. Turner Fred Dahnken, C. L. Langley, and F. W. Livingston, partners, doing business under the name and style of Turner D. Dahnken & Langley, and Messrs. A. L. Gore, Michael Gore Sol. Lesser, Adolph Ramish and Dave Bershon. Charge: Unfair methods of competition are charged in that the respondents combined for the purpose of preventing producers or distributors of motion-picture films in other States from leasing their films to competitors of the respondents and from shipping said films into the State of California. and preventing competition in negotiating for and leasing of said motion-picture films, employing threats. coercive measures, and other cooperative and individual means to make effective the aforesaid undertakings, in alleged violation of section 5 of the Federal Trade Commission act. Status :Awaitng respondent's brief.

Complaint No. 1320.--In the matter of West Coast Theatres (Inc.), West Coast Theatres (Inc.) of Northern California, The T. & D. Jr. Enterprises (Inc.), and H. M. Turner, Fred Dahnken, C. L. Langley, and F. W. Livington, partners, doing business under the trade name and style of Turner, Dahnken & Langley. Charge: Unfair methods of competition are charged in that the respondents combined for the purpose of restraining and preventing producers or distributors of motion-picture films in other States from leasing their films to competitors of the respondents and from shipping said films into the State of California for delivery to respondents' competitors, and restraining and preventing competition in negotiation for and leasing of said motion-picture

films, in the respondents effecting joint management of their theatres, recognizing restrictive territorial arrangements, observing agreements to refrain from competition, and employing coercive and other cooperative and individual means to make effective their undertakings in alleged violation of section 5 of the Federal Trade Commission act. Status: Awaiting briefs.

Complaint No. 1328.--In the matter of National Cash Register Co. Charge: Unfair methods of competition are charged in that the respondent has inaugurated and systematically conducted a plan and scheme to unduly hinder and restrain competition in the manufacture and sale of cash registers and similar machines, to monopolize or attempt to monopolize said manufacture and sale, to eliminate, stifle and force out of said business the Remington Gash Register Go. and to harass and discourage the agents and employees of said competitor; carrying out its plan against the Remington Gash Register Co. by (a) ascertaining the names of its customers and prospective customers; (b) making false and misleading statements in disparagement of said company and its products; (e) tampering with the Remington Co.'s cash registers; (d) under taking to persuade and induce customers of the Remington Co. to breach their contracts with said company; (e) representing the Remington Co.'s executory contracts of purchase as not binding on the customers; (f) offering to accept Remington cash registers in the possession of customers under executory contracts at a substantial valuation in money as part of the purchase price for cash registers of respondent's manufacture and offering the latter at prices greatly below the normal retail prices; (g) circulating false statements and representations concerning the business of the Remington Cash Register Co. and its financial stability, and by means thereof. as well as by means of threats, intimidation, and persuasion, attempting to induce employees to violate and terminate their contracts with said Remington Co.; and (h) practicing espionage against sale Remington Co. and its employees, all in alleged violation of section 5 of the Federal Trade Commission act. Status: In course of trial.

Complaint No. 1329.--In the matter of The Armand Co., its officers and agents; Spurlock-Neal Go., Berry, DeMoville & Go., Robinson-Pettet Go., Lamar & Rankin Drug Go., Greiner-Kelly Drug Go., The J. W. Growdus Drug Go., San Antonio Drug Go., Western Wholesale Drug Go., Fuller-Morrison Co., Ilumiston, Keeling & Go., Peter Van Schaack & Sons, The McPike Drug Co., Faxon-Gallagher Drug Go., J. S. Merrell Drug Go., A. M. Berry, A. D. Berry, F. S. Berry, W. D. Phillips, M. P. Williams, copartners doing business under the trade name of Berry, DeMoville & Go., The Fair (Inc.), E H. Cone (Inc.), T. C. Marshall, doing business under the name of Marshall's Pharmacy, Clarence E Jeffares and Malcolm J. Long, copartners, doing business under the trade name of Jeffares-Long Drug Go., Owl Drug Co. (Inc.). Charge: Unfair methods of competition are charged in that the respondent The Armand Go., engaged in the manufacture of toilet articles and cosmetics, and the respondent wholesalers and dealers, unlawfully and knowingly conspired and agreed to monopolize and restrain interstate trade in the products of The Armand Co. by selling the Said products at uniform, noncompetitive, wholesale and retail prices arbitrarily suggested and fixed by The Armand Co. and largely in excess of the prices which would have prevailed without such agreement, refusing to sell said products to dealers other than those engaged in the drug business, ref using to sell to price cutters and employing cooperative means for the enforcement of the said suggested or fixed prices, in alleged violation of section 5 of the Federal Trade Commission act. Status: At issue.

Complaint No. 1330.--In the matter of Plateless Engraving Co. (Inc.). Charge: U n f a i r methods of competition are charged in that the respondent, engaged in process printing and in the sale of process printed stationery, uses lime word "Engraving" in its corporate Dame, and thereby tends to mislead and deceive the purchasing public into the erroneous belief that the

respondent's stationery is "engraved," and tends to injure competitors who do not misrepresent their products, in alleged violation of section 5 of the Federal Trade Commission act. Status: At issue.

Complaint No. 1334.--In the matter of E R. Marshall, doing business under the trade name and style of Crescent Calendar Co. Charge: Unfair methods of competition are charged in that the respondent in soliciting orders for school commencement announcements and invitations represents that the name of the school will be "process embossed in gold" or "embossed in gold," when in fact the announcements and invitations are prepared for the respondent by the embossing of a design from steel dies or plates, leaving a blank space in which

the name of the school is process printed by the respondent without the use of dies or plates but in simulation of embossing, in alleged violation of section 5 of the Federal Trade Commission act. Status: At issue.

Complaint No. 1335.--In the matter of Aluminum Co. of America, a corporation. Charge: Unfair methods of competition are charged in that the respondent, controlling the sources of supply of aluminum metal and, through its subsidiaries, a large manufacturer of aluminum products. discriminates in price between purchasers of virgin sheet aluminum on the basis or agreements that all aluminum scrap resulting from the operations of the purchasers shall be resold to the respondent, thereby tending to substantially lessen competition and create a monopoly, in alleged violation of section 2 of the Clayton Act; and in that the respondent fixes prices arbitrarily, makes price concessions, sells below cost, and discriminates against competitors in the quantity and quality of its deliveries to them, thereby unfairly harassing competitors and tending to suppress competition and maintain a monopoly, in alleged violation of section 5 of the Federal Trade Commission act. Status: In course of trial.

Complaint No. 1342.--In the matter of George M. Rubinow, trading under the name and style of Rubinow Edge Tool Works. Charge: Unfair methods of competition are charged in that respondent, engaged in the business of manufacturing tools, makes use of the term "steel," "cast steel," etc., in advertising and branding tools composed of a metal other than steel. Status: At issue.

Complaint No. 1369.--In the matter of W. U. Blessing, and M. S. Gohn, co-partners, doing business under the trade name and style of W. U. Blessing & Co., and A. E. Wallick. Charge : Unfair methods of competition are charged in that the respondents, engaged in the manufacture of cigars in the State of Pennsylvania and in the sale thereof, label their "Triangulares" cigars and containers with the word "Garcia" and the words "Tampa Style," thereby tending to mislead the purchasing public as to the quality of the respondents' product and the place of manufacture and to injure competitors who do not practice misrepresentation, in alleged violation of section 5 of the Federal Trade Commission act. Status : Awaiting briefs.

Complaint No. 1371.--In the matter of Perpetual Encyclopedia Corporation, North America Publishing Co. (Inc.), et al. Charge : Unfair methods of competition are charged in that the respondents republished without substantial change the "Home and School Reference Work" (originally copyrighted in 1912 or 1915) under different names and as a new and up-to-date (1924) edition, employing without right the names of attorneys, fictitious corporate organizations, and collection agencies to further the sale of said publication and to assist in coercing and blackmailing purchasers into the payment of money on orders or contracts, substituting late copyright registration dates for the actual date of such registration, falsely stating that well-known educators, scientists, and public officials are members of the editorial staff and contributors, mis representing and grossly exaggerating sales prices, obtaining signed orders by subterfuge, misrepresenting the quality of the paper and binding, offering additional books or extension service "free," when in fact the price thereof was included in the price of the book bought, and making numerous false and misleading representations, all tending to deceive the purchasing public, the said practices injuring competitors who do not practice misrepresentation, in alleged violation of section 5 of the Federal Trade Commission act. Status : At issue.

Complaint No. 1378.--In the matter of Ohio Leather Co. Charge : Unfair methods of competition are charged in that the respondent, engaged in the manufacture and sale of leather, advertises and labels one of its products as "Kaffor Kid," thus indicating that it Is manufactured from the skins of goats, when in fact the respondent's said product is manufactured from the

hides of calves, thereby tending to mislead and deceive the trade and consuming public and to injure competitors who do not practice misrepresentation, in alleged violation of section 5 of the Federal Trade Commission act. Status : Awaiting final argument.

Complaint No. 1379.--In the matter of Great Northern Fur Dyeing & Dressing Co. Charge : Unfair methods of competition are charged in that the respondent, engaged in the business of dressing and dyeing Australian and New Zealand rabbit skins, causes one of its trade-marks--"Northern Seal" (black), "Northern Bevre" (brown), "Northern Nutrette" (plum color)--to be stamped on the back of each skin prepared by It, and furnishes to manufacturers of garments made from such skins silk labels containing the words "Genuine Northern Seal," thus placing in the hands of dealers who sell to the

public garments made from such skins the means whereby such dealers can commit a fraud on the public by displaying such labels and trade-marks to support their false representations that such garments are made from genuine seal fur or the fur of animals other than rabbits; the tendency being to deceive the purchasing public and to divert trade from competitors who properly label their rabbit skins, and from dealers in the skins of seals, beavers, musk rats, etc., all in alleged violation of section 5 of the Federal Trade Commission act. Status : Awaiting trial.

Complaint No. 1380.--In the matter of Feldbaum & Spiegel (Inc.). Charge : Unfair methods of competition are charged in that the respondent, engaged in the business of manufacturing and selling to dealers garments made of dyed Australian and New Zealand rabbit skins, on the back of each of which skin is stamped the dyer's trade-mark "Northern Seal " and to which garments are attached silk labels bearing the words "Genuine Northern Seal," thus placing In the hands of dealers the means whereby a fraud on the public may be committed by displaying the labels and trade-marks to customers to support their false representations that the garments are made of genuine seal fur; the tendency being to deceive the purchasing public and to cause trade to be diverted from competitors who disclose that the garments made by them are made of rabbit fur, all in alleged violation of section 5 of the Federal Trade Commission act. Status : At issue.

Complaint No. 1381.--In the matter of Golden Fur Dyeing Co. (Inc.), and Samuel Jacobs and Isidor Sachs, partners, doing business under the trade name and style Jacobs & Sachs. Charge : Unfair methods of competition are charged in that the respondents, engaged in the business of (1) dressing and dyeing Australian and New Zealand rabbit skins for the owners, and (2) manufacturing and selling garments made therefrom, cause the trade-mark containing the words " Golden Seal " to be stamped on the back of each skin prepared by the dyer respondent, many of which skins are owned by the manufacturing respondent and made up by it into garments for sale to the trade, thus placing in the hands of the dealers who sell the garments to the public the means whereby such dealers can commit a fraud on the public by displaying such trade-mark to support their false representations that such garments and made from genuine seal fur; the tendency being to deceive the purchasing public and to divert trade from competing manufacturers of properly marked garments made of rabbit skins, or from those who manufacture and sell garments made of genuine seal fun, and in alleged violation of section 5 of the Federal Trade Commission act. 2 Status: At issue.

Complaint No. 1382.--In the matter of Cassileth, Schwartz & Cassileth (Inc.), Joseph Brickner and Julius Bernfeld, partner's, trading as Brickner & Bernfeld, Samuel Oldman and Max Oldman, partners trading as Oldman Bros. Charges: Unfair methods of competition are charged in that respondents, engaged in the business of (1) dressing and dyeing Australian and New Zealand rabbit skins for the owners thereof, (2) dealing mm the skins so dressed and dyed, and (3) manufacturing and selling garments made from the skins so dressed and dyed and dealt in case the trademark "Iceland Seal" or "Iceland Beaver" to be stamped on the back of each skin prepared by the dyer respondent, many of which are so prepared on contract for the dealer respondent who sells some of the same to the manufacturing respondent, thus placing in the hands of dealers who sell the garments made from the "Iceland Seal" skins to the public the means whereby a fraud on the public can be committed by permitting them to display such trade-mark to support their false representations that such garments are made from genuine seal fur; the tendency being to deceive the purchasing public and to divert trade from competing manufacturers of properly marked garments made of rabbit skins, or from those who manufacture and sell garments made of genuine seal fur, all in alleged violation of section 5 of the Federal Trade Commission act. Status: At issue.

Complaint No. 1383.--In the matter of Adiel Vandeweghe and David Fesh back. Charge: Unfair methods of competition are charged in that (1) the dyer respondent and (2) the manufacturing respondent (who purchases a substantial number of skins from the former) engaged in dressing and dyeing Australian and New Zealand rabbit skins and the manufacture and sale to the trade of garments made therefrom cause each of such skins to be marked on the back thereof the trade-mark "Superior Seal," thus placing in the hands of dealers who sell such garments to the public the means whereby such dealers can commit a fraud on the public by displaying such trade-mark to sup-

port their false representations that the garments are made from genuine seal fur; the tendency being to deceive the purchasing public and to divert trade from competing manufacturers of properly marked garments made of rabbit skins, or from those who manufacture and sell garments made of genuine seal fur, all in alleged violation of section 5 of the Federal Trade Commission act. Status : At issue.

Complaint No. 1384.--In the matter of Philip A. Singer & Bro. (Inc.), and Herman Gelberg and Benjamin Schwartz, partners, doing business under the name and style Gelberg & Schwartz. Charge : Unfair methods of competition are charged in that (1) the dyer respondent and (2) the manufacturing respondent (for whom the former dresses and dyes many skins) engaged in the dressing and dyeing of rabbit skins and the manufacture and sale to the trade of garments made therefrom cause the trade-mark "Baltic Seal" or "Baltic Beaver " to be stamped on the back of each skin prepared by the dyer respondent, thus placing in the hands of dealers who sell the garments made from such skins the means whereby such dealers can commit a fraud on the public by displaying such trade-marks to support their false representations that the garments are made from genuine seal fur or from genuine beaver fur; the tendency being to deceive the purchasing public and to divert trade from competing manufacturers or properly marked garment made from rabbit skins, or from those who manufacture and sell garments made of genuine seal or beaver fur, all in alleged violation of section 5 of the Federal Trade Commission act. Status: At issue.

Complaint No. 1385.--In the matter of A. Hollander & Son (Inc.), A. Hollander & Son-Arnold Corporation, and Harry H. Hertz Co. Charge : Unfair competition is charged in that the respondents engaged in the business of (1) dressing and dyeing muskrat skins on contract for the owners, (2) dressing and dyeing Australian and New Zealand rabbits largely imported by itself, and (3) manufacturing and selling fur garments, cause each skin prepared by the dyer respondents to be stamped on the back thereof with the trade-marks "Hollander Seal" or "Bay Seal," and as many of such skins are sold to the manufacturing respondent there is placed in the hands of dealers the means of perpetrating a fraud on the purchasing public by displaying such trade-marks to support their false representations that the garments are made from genuine seal; the tendency being to deceive the public and to divert trade from competing manufacturers of properly marked garments made of muskrat or rabbit skins, or from those who manufacture and sell garments made of genuine seal fur, all in alleged violation of section 5 of the Federal Trade Commission act. Status: At issue.

Complaint No. 1396.--In the matter of Berkey & Gay Furniture Co. Charge: Unfair methods of competition are charged in that the respondent engaged in the manufacture and sale of furniture, principally of gum or chestnut wood or other woods of similar grades and quality, causes practically all of the pieces of furniture made by It to be veneered with a thin covering of mahogany or walnut wood of the thickness of about two twenty-eighths of an inch and describes and designates such furniture in advertisements, catalogues, invoices, etc., as "Walnut and gumwood," "Mahogany and gumwood," or by other combinations, not disclosing that the furniture is veneered, thus placing in the hands of retailers the means whereby such dealers may commit a deception or fraud on the public, such practice causing trade to be diverted to respondent from competitors who describe their veneered furniture as "veneered," giving the name of the wood composing the veneer as well as the wood from which the core of such furniture is made, or whose furniture is made entirely of mahogany or walnut, all in alleged violation of section 5 of the Federal Trade Commission act. Status: Before the commission for final determination.

Complaint No. 1397.--In the matter of Stow & Davis Furniture Co. Charge: Unfair methods

of competition are charged in that the respondent engaged In the manufacture and sale of furniture, principally of gum or chestnut wood or other woods of similar grades and quality, causes practically all of the pieces of furniture made by it to be veneered with a thin covering of mahogany or walnut wood of the thickness of about two twenty-eighths of an inch and describes and designates such furniture in advertisements, catalogues, invoices, etc., as "Mahogany," "Walnut," "Mahogany and gumwood," or by other combinations, not disclosing that the furniture is veneered, thus placing in the hands of retailers the means whereby such dealers may commit a deception or fraud on the public, such practice causing trade to be diverted to respondent

from competitors who describe their veneered furniture as "veneered," giving the name of the wood composing the veneer as well as the name of the wood from, which the core of such furniture is made, or whose furniture is made entirely of mahogany or walnut, all in alleged violation of section 5 of the Federal Trade Commission act. Status : Before the commission for final determination.

Complaint No. 1398.--In the matter of Gunn Furniture Co. Charge : Unfair methods of competition are charged in that the respondent engaged in the manufacture and sale of furniture, principally of gum or chestnut wood or other woods of similar grades and quality, causes practically all of the pieces of furniture made by it to be veneered with a thin covering of mahogany or walnut wood of the thickness of about two twenty-eighths of an inch and describes and designates such furniture in advertisements, catalogues, invoices, etc., as "Mahogany," "Walnut," "Mahogany and gumwood," or by other combinations, not disclosing that the furniture is veneered, thus placing in the hands of retailers the means whereby such dealers may commit a deception or fraud on the public, such practice causing trade to be diverted to respondent from competitors who describe their veneered furniture as "veneered," giving the name of the wood composing the veneer as well as the name of the wood from which the core of such furniture is made, or whose furniture is made entirely of mahogany or walnut, all in alleged violation of section 5 of the Federal Trade Commission act. Status: Before the commission for final determination.

Complaint No. 1399.--In the matter of Grand Rapids Show Case Co. Charge: Unfair methods of competition are charged in that the respondent engaged In the manufacture and sale of furniture, principally of gum or chestnut wood or other woods of similar grades and quality, causes practically all of the pieces of furniture made it to be veneered with a thin covering of mahogany or walnut wood of the thickness of about two twenty-eighths of an inch and describes and designates such furniture in advertisements, catalogues, invoices, etc., as " Mahogany," "Walnut," or "American walnut," not disclosing that the furniture is veneered, thus placing in the hands of retailers the means whereby such dealers may commit a deception or fraud on the public, such practice causing trade to be diverted to respondent from competitors who describe their veneered furniture as "veneered," giving the name of the wood composing the veneer as well as the name of the wood from which the core of such furniture Is made, or whose furniture is made entirely of mahogany or walnut, all in alleged violation of section 5 of the Federal Trade Commission act. Status: Before the commission for final determination.

Complaint No. 1400.--In the matter of John Widdicomb Co. Charge : Unfair methods of competition are charged in that the respondent engaged in the manufacture and sale of furniture, principally of gum or chestnut wood or other woods of similar grades and quality, causes practically all of the pieces of furniture made by it to be veneered with a thin covering of mahogany or walnut wood of the thickness of about two twenty-eighths of an inch and describes and designates such furniture in advertisements, catalogues, invoices, etc., as "Walnut," "French walnut," "American walnut" or "Mahogany," not disclosing that the furniture is veneered, thus placing in the hands of retailers the means whereby such dealers may commit a deception or fraud on the public, such practice causing trade to be diverted to respondent from competitors who describe their veneered furniture as "veneered," giving the name of the wood composing the veneer as well as the name of the wood from which the core of such furniture is made, or whose furniture is made entirely of mahogany or walnut, all in alleged violation of section 5 of the Federal Trade Commission act. Status :Before the commission for final determination.

Complaint No. 1401.--In the matter of Luce Furniture Co., and the Furniture Shops (Inc.).

Charge : Unfair methods of competition are charged in that the respondent engaged in the manufacture and sale of furniture, principally of gum or chestnut wood or other woods of similar grades and quality, causes practically all of the pieces of furniture made by it to be veneered with a thin covering of mahogany or walnut wood of the thickness of about two twenty-eighths of an inch and describes and designates such furniture in advertisements, catalogues, invoices, etc., as “Mahogany,” “Walnut,” or “Mahogany and gumwood,” not disclosing that the furniture is veneered, thus placing in the hands of retailers the means whereby such dealers may commit a deception or fraud on the public, such practice causing trade to be diverted to respondent from competitors who describe their veneered furniture as “veneered,” giving the name of the wood composing the veneer as well as the name

of the wood from which the core of such furniture Is made, or whose furniture is made entirely of mahogany or walnut, all in alleged violation of section 5 of the Federal Trade Commission act. Status : In course of trial.

Complaint No. 1402.--In the matter of Century Furniture Co. Charge : Unfair methods of competition are charged in that the respondent engaged in the manufacture and sale of furniture, principally of gum or chestnut wood or other woods of similar grades and quality, causes practically all of the pieces of furniture made by it to be veneered with a thin covering of mahogany wood of the thickness of about two twenty-eighths of an Inch and describes and designates such furniture in advertisements, catalogues, Invoices, etc., as " Mahogany," not disclosing that the furniture is veneered, thus placing in the hands of retailers the means whereby such dealers may commit a deception or fraud on the public, such practice causing trade to be diverted to respondent from competitors who describe their veneered furniture as " veneered," giving the name of the wood composing the veneer as well as the name of the wood from which the core of such furniture is made, or whose furniture is made entirely of mahogany or walnut, all in alleged violation of section 5 of the Federal Trade Commission act. Status :Before the commission for final determination.

Complaint No. 1403.--In the matter of David E. Uhl, trading under the name and style of Grand Rapids Fancy Furniture Co. Charge : Unfair methods of competition are charged in that the respondent engaged in the manufacture and sale of furniture, principally of gum or chestnut wood or other woods of similar grades and quality, causes practically all of the pieces of furniture made by it to be veneered with a thin covering of mahogany or walnut wood of the thickness of about two twenty-eighths of an inch and describes and designates such furniture in advertisements, catalogues, invoices, etc., as "Mahogany" or "Walnut," not disclosing that the furniture is veneered, thus placing in the hands of retailers the means whereby such dealers may commit a deception or fraud on the public, such practice causing trade to be diverted to respondent from competitors who describe their veneered furniture as "veneered," giving the name of the wood composing the veneer as well as the name of the wood from which the core of such furniture is made, or whose furniture is made entirely of mahogany or walnut, all in alleged violation of section 5 of the Federal Trade Commission act. Status :Before the commission for final determination.

Complaint No. 1404.--In the matter of Valley City Desk Co. Charge : Unfair methods of competition are charged in that the respondent engaged in the manufacture and sale of furniture, principally of gum or chestnut wood or other woods of similar grades and quality causes practically all of the pieces of furniture made by it to be veneered with a thin covering of oak, mahogany or walnut wood of the thickness of about two twenty-eighths of an inch and describes and designates such furniture in advertisements, catalogues, invoices, etc., as " Oak,", "Walnut" or "Mahogany," not disclosing that the furniture is veneered, thus placing in the hands of retailers the means whereby such dealers may commit a deception or fraud on the public, such practice causing trade to be diverted to respondent from competitors who describe their veneered furniture as "veneered," giving the name of the wood composing the veneer as well as the name of the wood from which the core of such furniture is made, or whose furniture is made entirely of mahogany or walnut, all in alleged violation of section 5 of the Federal Trade Commission act. Status: Before the commission for final determination.

Complaint No. 1405.--In the matter of Foote-Reynolds Co. Charge : Unfair methods of competition are charged in that the respondent engaged in the manufacture and sale of furniture, principally of gum or chestnut wood or other woods of similar grades and quality, causes practically all of the pieces of furniture made by It to be veneered with a thin covering of walnut

wood of the thickness of about two twenty-eighths of an inch, and describes and designates such furniture In advertisements, catalogues, invoices, etc., as “Walnut and gumwood,” or by other combinations, not disclosing that the furniture is veneered, thus placing In the hands of retailers the means whereby such dealers may commit a deception or fraud on the public, such practice causing trade to be diverted to respondent from competitors who describe their veneered furniture as “veneered,” giving the name of the wood composing the veneer as well as the name of the wood from which the core of such furniture is made, or whose furniture Is made entirely of mahogany or walnut, all in

alleged violation of section 5 of the Federal Trade Commission act. Status :Before the commission for final determination.

Complaint No. 1406.--In the matter of Prichett-Powers Co. Charge : Unfair methods of competition are charged in that the respondent engaged in the manufacture and sale of furniture, principally of gum or chestnut wood or other woods of similar grades and quality, causes practically all of the pieces of furniture made by it to be veneered with a thin covering of walnut wood of the thickness of about two twenty-eighths of an inch, and describes and designates such furniture in advertisements, catalogues, invoices, etc., as "Walnut and gumwood," or by other combinations, not disclosing that the furniture is veneered, thus placing in the hands of retailers the means whereby such dealers may commit a deception or fraud on the public, such practice causing trade to be diverted to respondent from competitors who describe their veneered furniture as "veneered," giving the name of the wood composing the veneer as well as the name of the wood from which the core of such furniture is made, or whose furniture is made entirely of mahogany or walnut, all In alleged violation of section 5 of the Federal Trade Commission act. Status : Before the commission for final determination.

Complaint No. 1407.--In the matter of Johnson Furniture Co. and Johnson-Handley-Johanson Co. Charge : Unfair methods of competition are charged in that the respondent engaged in the manufacture and sale of furniture, principally of gum or chestnut wood or other woods of similar grades and quality, causes practically all of the pieces of furniture made by it to be veneered with a thin covering of walnut wood of the thickness of about two twenty-eighths of an inch, and describes and designates such furniture in advertisements, catalogues, invoices, etc., as "Walnut and gumwood," or by other combinations, not disclosing that the furniture is veneered, thus placing in the hands of retailers the means whereby such dealers may commit a deception or fraud on the public, such practice causing trade to be diverted to respondent from competitors who describe their veneered furniture as "veneered," giving the name of the wood composing the veneer as well as the name of the wood from which the core of such furniture is made, . or whose furniture is made entirely of mahogany or walnut, all in alleged violation of section 5 of the Federal Trade Commission act. Status :Before the commission for final determination.

Complaint No. 1408.--In the matter of Grand Rapids Chair Co. Charge : Unfair methods of competition are charged in that the respondent engaged in the manufacture and sale of furniture, principally of gum or chestnut wood or other woods of similar grades and quality, causes practically all of the pieces of furniture made by it to be veneered with a thin covering of mahogany or walnut wood of the thickness of about two twenty-eighths of an inch, and describes and designates such furniture in advertisements, catalogues, invoices, etc., as "Walnut and gumwood," "Mahogany and gumwood," or by other combinations, not disclosing that the furniture is veneered, thus placing in the hands of retailers the means whereby such dealers may commit a deception or fraud on the public, such practice causing trade to be diverted to respondent from competitors who describe their veneered furniture as "veneered," giving the name of the wood composing the veneer as well as the name of the wood from which the core of the furniture is made, or whose furniture is made entirely of mahogany or walnut, all in alleged violation of section 5 of the Federal Trade Commission act. Status : Before the commission for final determination.

Complaint No. 1409.--In the matter of Hekman Furniture Co. Charge : Unfair methods of competition are charged in that the respondent, engaged in the manufacture and sale of furniture, principally of gum or chestnut wood or other woods of similar grades and quality, causes practically all of the pieces of furniture made by it to be veneered with a thin covering of

mahogany or walnut wood of the thickness of about two twenty-eighths of an inch and describes and designates such furniture in advertisements, catalogues, invoices, etc., as “Walnut and gumwood,” “Mahogany and gumwood,” or by other combinations, not disclosing that the furniture is veneered, thus placing in the hands of retailers the means whereby such dealers may commit a deception or fraud on the public, such practice causing trade to be diverted to respondent from competitors who described their veneered furniture as “veneered,” giving the name of the wood composing the veneer as well as the name of the wood from which the core of such furniture is made, or whose furniture is made entirely of mahogany or walnut, all in alleged violation of section 5 of the Federal Trade Commission act. Status: Before the commission for final determination.

Complaint No. 1410.--In the matter of William F. Drueke and Albert F. Dickinson, partners, trading under the name and style of William F. Drueke & Co. Charge : Unfair methods of competition are charged in that the respondent, engaged in the manufacture and sale of furniture, principally of gum or chestnut wood or other woods of similar grades and quality, causes practically all of the pieces of furniture made by it to be veneered with a thin covering of mahogany or walnut wood of the thickness of about two twenty-eighths of an inch and describes and designates such furniture in advertisements, catalogues, invoices, etc., as "Walnut and gumwood," "Mahogany and gumwood," or by other combinations, not disclosing that the furniture is veneered, thus placing in the hands of retailers the means whereby such dealers may commit a deception or fraud on the public, such practice causing trade to bo diverted to respondent from competitors who describe their veneered furniture as "veneered," giving the name of the wood composing the veneer as well as the name of the wood from which the core of such furniture is made, or whose furniture is made entirely of mahogany or walnut, all in alleged violation of section 5 of the Federal Trade Commission act. Status: Before the commission for final determination.

Complaint No. 1411.--Wagemaker Co. Charge : Unfair methods of competition are charged in that the respondent, engaged in the manufacture and sale of furniture, principally of gum or chestnut wood or other woods of similar grades and quality, causes practically all of the pieces of furniture made by It to be veneered with a thin covering of mahogany or walnut wood of the thickness of about two twenty-eighths of an inch and describes and designates such furniture In advertisements, catalogues, invoices, etc., as "Walnut and gumwood," "Mahogany and gumwood," or by other combinations, not disclosing that the furniture is veneered, thus placing in the hands of retailers the means whereby such dealers may commit a deception or fraud on the public, such practice causing trade to be diverted to respondent from competitors who describe their veneered furniture as "veneered," giving the name of the wood composing the veneer as well as the name of the wood from which the core of such furniture is made, or whose furniture is made entirely of mahogany or walnut, all in alleged violation of section 5 of the Federal Trade Commission act. Status :Before the commission for final determination.

Complaint No. 1412.--In the matter of Robert W. Irwin Co. Charge : Unfair methods of competition are charged in that the respondent, engaged in the manufacture and sale of furniture, principally of gum or chestnut wood or other woods of similar grades and quality, causes practically all of the pieces of furniture made by it to be veneered with a thin covering of mahogany or walnut wood of the thickness of about two twenty-eighths of an inch and describes and designates such furniture in advertisements, catalogues, invoices, etc., as "Walnut and gumwood," "Mahogany and gumwood," or by other combinations, not disclosing that the furniture is veneered, thus placing in the hands of retailers the means whereby such dealers may commit a deception or fraud on the public, such practice causing trade to be diverted to respondent from competitors who describe their veneered furniture as "veneered," giving the name of the wood composing the veneer as well as the name of the wood from which the core of such furniture is made, or whose furniture is made entirely of mahogany or walnut, all in alleged violation of section 5 of the Federal Trade Commission act. Status : Before the commission for final determination.

Complaint No. 1413.--Standardized Furniture Co. Charge: Unfair methods of competition are charged in that the respondent engaged in the manufacture and sale of furniture, principally of gum or chestnut wood or other woods of similar grades and quality, causes practically all of the pieces of furniture made by it to be veneered with a thin covering of mahogany or walnut wood of the thickness of about two twenty-eighths of an Inch and describes and designates such

furniture in advertisements, catalogues, invoices, etc., as “Walnut and gumwood,” “Mahogany and gumwood,” or by other combinations, not disclosing that the furniture is veneered, thus placing in the hands of retailers the means whereby such dealers may commit a deception or fraud on the public, such practice causing trade to be diverted to respondent from competitors who describe their veneered furniture as “veneered,” giving the name of the wood composing the veneer as well as the name of the wood from which the core of such furniture is made, or whose furniture is made entirely of mahogany or walnut, all in alleged violation of section 5 of the Federal Trade Commission act. Status :Before the commission for final determination.

Complaint No. 1414.--In the matter of H. E Shaw Furniture Co. Charge: Unfair methods of competition are charged In that the respondent engaged in the manufacture and sale of furniture, principally of gum or chestnut wood or other woods of similar grades and quality, causes practically all of the pieces of furniture made by it to be veneered with a thin covering of mahogany or walnut wood of the thickness of about two twenty-eighths of an inch and describes and designates such furniture in advertisements, catalogues, invoices, etc., as "Walnut," "Walnut and gumwood," "Mahogany and gumwood," or by other combinations, not disclosing that the furniture Is veneered, thus placing in the hands of retailers the means whereby such dealers may commit a deception or fraud on the public, such practice causing trade to be diverted to respondent from competitors who describe their veneered furniture as "veneered" giving the name of the wood composing the veneer as well as the name of the wood from which the core of such furniture is made, or whose furniture Is made entirely of mahogany or walnut, all in alleged violation of section 5 of the Federal Trade Commission act. Status : Before the commission for final determination.

Complaint No. 1415.--In the matter of Widdicomb Furniture Co. Charge : Unfair methods of competition are charged in that the respondent engaged in the manufacture and sale of furniture, principally of gum or chestnut wood or other woods of similar grades and quality, causes practically all of the pieces of furniture made by it to be veneered with a thin covering of mahogany or walnut wood of the thickness of about two twenty-eighths of an inch and describes and designates such furniture in advertisements, catalogues, invoices, etc., as "Walnut and gumwood." "Mahogany and gumwood," or by other combinations, not disclosing that the furniture is veneered, thus placing in the hands of retailers the means whereby such dealers may commit a deception or fraud on the public, such practice causing trade to be diverted to respondent from competitors who describe their veneered furniture as "veneered," giving the name of the wood composing the veneer as well as the name of the wood from which the core of such furniture is made, or whose furniture is made entirely of mahogany or walnut, all in alleged violation of section 5 of the Federal Trade Commission act. Status :Before the commission for final determination.

Complaint No. 1416.--In the matter of Imperial Furniture Co. Charge : Unfair methods of competition are charged in that the respondent engaged In the manufacture and sale of furniture, principally of gum or chestnut wood or other woods of similar grades and quality, causes practically all of the pieces of furniture made by it to be veneered with a thin covering of mahogany or walnut wood of the thickness of about two twenty-eighths of an inch and describes and designates such furniture in advertisements, catalogues, invoices, etc., as "Walnut and gumwood," "Mahogany and gumwood," or by other combinations, not disclosing that the furniture is veneered, thus placing in the hands of retailers the means whereby such dealers may commit a deception or fraud on the public, such practice causing trade to be diverted to respondent from competitors who describe their veneered furniture as "veneered," giving the name of the wood composing the veneer as well as the name of the wood from which the core of such furniture is made, or whose furniture is made entirely of mahogany or walnut, all in alleged violation of section 5 of the Federal Trade Commission act. Status : Before the commission for final determination.

Complaint No. 1417.--In the matter of Williams-Kimp Furniture Co. Charge: Unfair methods of competition are charged In that the respondent engaged in the manufacture and sale of furniture, principally of gum or chestnut wood or other woods of similar grades and quality causes practically all of the pieces of furniture made by it to he veneered with a thin covering

of mahogany or walnut wood of the thickness of about two twenty-eighths of an inch and describes and designates such furniture in advertisements, catalogues, invoices, etc., as "Walnut," "Mahogany," "Red mahogany," "Brown mahogany," "Walnut combination," or by other combinations, not disclosing that the furniture is veneered, thus placing in the hands of retailers the means whereby such dealers may commit a deception or fraud on the public, such practice causing trade to be diverted to respondent from competitors who describe their veneered furniture as "veneered," giving the name of the wood composing the veneer as well as the name of the wood from which the core of such furniture is made, or whose furniture is made entirely of mahogany or walnut, all in alleged violation of section 5 of the Federal Trade Commission act. Status: Before the commission for final determination.

Complaint No. 1418.--In the matter of Paalman Furniture Co. Charge: Unfair methods of competition are charged in that the respondent engaged in the manufacture and sale of furniture, principally of gum or chestnut wood or other woods of similar grades and quality causes practically all of the pieces of furniture made by it to be veneered with a thin covering of oak, mahogany, or walnut wood of the thickness of about two twenty-eighths of an inch and describes and designates such furniture in advertisements, catalogues, invoices, etc., as "Mahogany," "Walnut," "Oak," "Mahogany, and gumwood," or by other combinations, not disclosing that the furniture is veneered, thus placing in the hands of retailers the means whereby such dealers may commit a deception or fraud on the public, such practice causing trade to he diverted to respondent from competitors who describe their veneered furniture as "veneered," giving the name of the wood composing the veneer as well as the name of the wood from which the core of such furniture is made, or whose furniture is made entirely of mahogany or walnut, all in alleged violation of section 5 of the Federal Trade Commission act. Status :Before the commission for final determination.

Complaint No. 1419.--In the matter of The Cabinet Shops. Charge : Unfair methods of competition are charged in that the respondent engaged in the manufacture and sale of furniture, principally of gum or chestnut wood or other woods of similar grades and quality causes practically all of the pieces of furniture made by it to be veneered with a thin covering of walnut wood of the thickness of about two twenty-eighths of an inch and describes and designates such furniture in advertisements, catalogues, invoices, etc., as "Walnut," not disclosing that the furniture is veneered, thus placing in the hands of retailers the means whereby such dealers may commit a deception or fraud on the public, such practice causing trade to be diverted to respondent from competitors who describe their veneered furniture as "veneered," giving the name of the wood composing the veneer as well as the name of the wood from which the core of such furniture is made, or whose furniture is made entirely of mahogany or walnut, all in alleged violation of section 5 of the Federal Trade Commission act. Status :Before the commission for final determination.

Complaint No. 1420.--In the matter of Furniture Studios (Inc.). Charge: Unfair methods of competition are charged in that the respondent engaged in the manufacture and sale of furniture, principally of gum or chestnut wood or other woods of similar grades and quality causes practically all of the pieces of furniture made by it to be veneered with a thin cove ring of maple or walnut wood of the thickness of about two twenty-eighths of an inch and describes and designates such furniture in advertisements, catalogues, Invoices, etc., as "Maple," "Walnut," "Walnut decorated," "Georgian Walnut decorated," not disclosing that the furniture is veneered, thus placing in the bands of retailers the means whereby such dealers may commit a deception or fraud on the public, such practice causing trade to be diverted to respondent from competitors who describe their veneered furniture as "veneered," giving the name of the wood composing the veneer as well as the name of the wood from which the core of such furniture is made, or whose furniture is made entirely of mahogany or walnut, all in alleged violation of section 5 of the Federal Trade Commission act. Status: Before the commission for final determination.

Complaint No. 1421.--In the matter of Macey Co. Charge : Unfair methods of competition are charged in that the respondent engaged in the manufacture and sale of furniture, principally of gum or chestnut wood or other woods of similar grades and quality, causes practically all of the pieces of furniture made by it to be veneered with a thin covering of mahogany or walnut wood of the thickness of about two twenty-eighths of an inch and describes and designates such furniture in advertisements, catalogues, invoices, etc., as "Mahogany," or "Genuine walnut," not disclosing that the furniture is veneered, thus placing in the hands of retailers the means whereby

such dealers may commit a deception or fraud on the public, such practice causing trade to be diverted to respondent from competitors who describe their veneered furniture as “veneered,” giving the name of the wood composing the veneer as well as the name of the wood from which the core of such furniture is made, or whose furniture is made entirely of mahogany or walnut, all in alleged violation of section 5 of the Federal Trade Commission act. Status : Before the commission for final determination.

Complaint No. 1422.--In the matter of Grand Rapids Furniture Co. Charge: Unfair methods of competition are charged in that the respondent engaged in the manufacture and sale of furniture, principally of gum or chestnut wood or other woods of similar grades and quality, causes practically all of the pieces of furniture made by it to be veneered with a thin covering of mahogany or walnut wood of the thickness of about two twenty-eights of an inch and describes and designates such furniture in advertisements, catalogues, invoices, etc., as "Walnut and gumwood," "Mahogany and gumwood," or by other combinations, not disclosing that the furniture is veneered, thus placing in the hands of retailers the means whereby such dealers may commit a deception or fraud on the public, such practice causing trade to be diverted to respondent from competitors who describe their veneered furniture as "veneered," giving the name of the wood composing the veneer as well as the name of the wood from which the core of such furniture is made, or whose furniture is made entirely of mahogany or walnut, all in alleged violation of section 5 of the Federal Trade Commission act. Status : Before the commission for final determination.

Complaint No. 1423.--In the matter of Armour & Co. and Armour & Co. of Delaware. Charge : Unfair methods of competition are charged in tin ant respondent engaged in the manufacture and sale of soap and soap products, labeled, advertised, and sold certain kinds of its soap as "Donna Castile," " Stork Castile," "Carrara Sapone Castighia," and "Broadway Bath Olive Castile," and certain brands of soap under the designation of "Castile Styles" as "Castile" soap, representing said soaps to be genuine Castile soap containing olive oil exclusively and that they are imported from Spain, when in fact they were not imported and the fats from which they are and have been made include and have included vegetable oils other than olive oils, and animal fats such as tallow, in a substantial and varying amount, In some Instances in a proportion preponderant to and in others practically excluding the use of olive oil as an ingredient in their composition, all of which has the capacity and tendency to confuse, mislead, and deceive the trade and the public and to injure respondents' competitors who sell genuine Castile soap, all In alleged violation of section 5 of the Federal Trade Commission act. Status : On suspense calendar to await decision of court of last resort in Docket 1110, in the matter of James S. Kirk & Co.

Complaint No. 1424.--In the matter of Globe Soap Co. Charge : Unfair methods of competition are charged in that respondent engaged in the manufacture and sale of toilet soaps and soap products, labeled, advertised, and sold several brands of soap as and for "Castile Soap," including the brand called "Lion Castile," representing said soaps to be genuine Castile soap containing olive oil exclusively, when in fact they are and have been made of fats which include and have included vegetable oils other than olive oil, and animal fats such as tallow, in a substantial and varying amount, in some instances In a proportion preponderant to and in others entirely excluding the use of olive oil as an ingredient, all of which has the capacity and tendency to confuse, mislead, deceive, and defraud the trade and public and to injure respondent's competitors who sell genuine Castile soap, all in alleged violation of section 5 of the Federal Trade Commission act. Status: On suspense calendar to await decision of court of last resort in Docket 1110, in the matter of James S. Kirk & Co.

Complaint No. 1425.--In the matter of Cincinnati Soap Co. Charge : Unfair methods of competition are charged in that respondent engaged in the manufacture and sale of toilet soaps and soap products, labeled, advertised, and sold certain kinds of its soap as "Purity Castile," "Crown Castile," "Olive Castile," an d "Fontaine Castile" as "Castile" soap, representing said soaps to be genuine Castile soap containing olive oil exclusively when in fact they are and have

been made of fats which include and have included vegetable oils other than olive oil, and animal fats such as tallow, in a substantial and varying amount, in some instances in a proportion preponderant to and in others entirely excluding the use of olive oil as an ingredient, all of which has the capacity and tendency to confuse, mislead, deceive, and defraud dealers in soap and the public and to injure respondent's competitors who sell genuine Castile soap, all in alleged violation of section 5 of the Federal Trade Commission act. Status : At issue.

Complaint No. 1426.--In the matter of Peet Bros. Co. Charge: Unfair methods of competition are charged in that respondent, engaged in the manu-

facture and sale of toilet soaps and so products, labeled, advertised, and sold certain kinds of its soap as "Crystal Cocoa Hardwater Castile," "Cocoa Castile," "Defender Castile," and "Rainbo Castile" as "Castile soap," representing said soaps to be genuine Castile soap containing olive. oil exclusively, when in fact they are and have beer made of fats which include and have included vegetable oils other than olive oil, and animal fats such as tallow, In a substantial and varying amount, in some instances in a proportion preponderant to and in others entirely excluding the use of olive oil as an ingredient, all of which has the capacity and tendency to confuse, mislead, deceive, and defraud the public and to injure respondent's competitors who sell genuine Castile soap, all in alleged violation of section 5 of the Federal Trade Commission act. Status: On suspense calendar to await decision of court of last resort in Docket 1110, in the matter of James S. Kirk & Co.

Complaint No. 1430.--In the matter of Southern Alberta Lumber Co. (Ltd.), also known as Southern Alberta Lumber & Supply Co. (Ltd.), and H. N. Serueth, individually and as manager of said corporation. Charge: Unfair methods of competition are charged in that respondent, engaged in the purchase, of lumber and its resale to dealers, alters the bills of lading and other like documents listing the shipments of lumber made to it, issued by the producers, which instruments are accepted by the owners and operators of seagoing vessels as truthfully setting forth the amount of lumber shipped by respondent and for which the carriers in turn issue their bills of lading, etc., covering like amounts, by reducing the listed amounts, such reduction saving respondent freight and other costs, which savings enable it to sell its lumber greatly below the prices at which its competitors can and do sell their lumber at a reasonable profit, all of which is to the prejudice of the public and respondent's competitors, in alleged violation of section 5 of the Federal Trade Commission act. Status : At issue.

Complaint No. 1432.--In the matter of Mendoza Fur Dyeing Works (Inc.). Charge : Unfair methods are charged in that respondent engaged in the business of processing, dressing, and dyeing rabbit pelts which It imports from Australia and New Zealand, causes the fur of said pelts to resemble in appearance the fur of beaver pelts and marks and stamps said pelts "Mendoza Beaver" and supplies its vendees with labels similarly marked which are attached to garments made by the vendees who then sell said garments to retailers. which practices place In the hands of retailers the means of committing a fraud upon the public, to the prejudice of the public and respondent's competitors in alleged violation of section 5 of the Federal Trade Commission act. Status : At issue.

Complaint No. 1434.--In the matter of Gibbons Knitting Mills (Inc.). Charge : Unfair methods of competition are charged in that respondent engaged in the business of selling knitted garments at wholesale sets forth in Its advertisements its corporate name, "Gibbons Knitting Mills (Inc.)" and prominently prints and sets forth said name upon its stationery, price lists, catalogues, etc., all of which misleads and deceives retail dealers into the belief that respondent is a manufacturer and that persons buying respondent's garments eliminate the profits of middlemen when in truth and in fact respondent does not own, Operate, or control any mill, and does not manufacture said garments sold by it, but buys them from other manufacturers and resells them at a profit, all of which is to the prejudice of the public and respondent's competitors, in alleged violation of section 5 of the Federal Trade Commission act. Status : Awaiting final determination.

Complaint No. 1435.--In the matter of Independent Industries (Inc.) Charge : Unfair methods of competition are charged in that respondent engaged in the manufacture of knitted and other garments for women, advertises in monthly periodicals soliciting persons to become sales representatives for respondent, supplies said representatives with trade literature, price lists, etc., in which it designates the material of which its garments are made, and which is not silk, a

product of the cocoon of the silkworm, to be "Mona-silk," and thus places in the hands of its representatives the means of committing a fraud upon the purchasing public, to the prejudice of the public and respondent's competitors, in alleged violation of section 5 of. the Federal Trade Commission act. Status : At issue.

Complaint No. 1438.--In the matter of Yokum Bros., a corporation. Charge : Unfair methods of competition are charged in that respondent engaged in the manufacture and sale of cigars in the State of Pennsylvania causes the words "Spana-Cuba" to be placed on the boxes and containers in which its cigars

are sold and on the bands upon each cigar, said acts having the capacity and tendency to and do mislead and deceive the trade and consuming public into the belief that said cigars are composed of Cuban tobacco, when in truth and in fact said cigars are composed entirely of tobacco grown elsewhere than in Cuba, all of which acts are to the prejudice or the public and respondent's competitors in alleged violation of section 5 of the Federal Trade Commission act. Status : At issue.

Complaint No. 1441.--In the matter of W. H. Snyder, R. r. Snyder, and Roger N. Snyder, partners doing business under the trade name and style W. H. Snyder & Sons. Unfair methods of competition are charged In that respondents engaged in the manufacture and sale of cigars In the State of Pennsylvania cause the words "Havana Fruit" and "Havana Velvet" to be placed on the boxes and containers In which their cigars are sold and on the bands upon each cigar, said acts having the capacity and tendency to and do mislead and deceive the trade and consuming public Into the belief that said cigars are composed of Cuban tobacco. when in truth and in fact said cigars are composed entirely of tobacco grown elsewhere than in Cuba, all of which acts are to the prejudice of the public and respondents competitors in alleged violation of section 5 of the Federal Trade Commission act. Status : At issue.

Complaint No. 1442.--In the matter of T. E Brooks, doing business under the trade name and style T. E. Brooks & Co. Charge : Unfair methods of competition are charged in that respondent, engaged in the manufacture and sale of cigars In the State of New York, causes the words "Havana Sweets" to be placed on the boxes and containers in which his cigars are sold and on the bands upon each cigar, said acts having the capacity and tendency to and do mislead and deceive the trade and consuming public into the belief that said cigars are composed of Cuban tobacco, when In truth and In fact said cigars are composed entirely of tobacco grown elsewhere then in Cuba, all of which acts are to the prejudice of the public and respondent's competitors in alleged violation of section 5 of the Federal Trade Commission act. Status: At issue.

Complaint No. 1443.--In the matter of John C. Herman and Edwin S. Herman, partners, doing business under the trade name and style John C. Herman & Co. Charge: Unfair methods of competition are charged In that respondents engaged In the manufacture and sale of cigars in the State of Pennsylvania cause the words "Havana Darts" to be placed on the boxes and containers in which their cigars are sold and on the bands upon each cigar, said acts having the capacity and tendency to and do mislead and deceive the trade and consuming public Into the belief that said cigars are composed of Cuban tobacco, when in truth and in fact said cigars are composed entirely of tobacco grown elsewhere than In Cuba, all of which acts are to the prejudice of the public and respondents' competitors in alleged violation of section 5 of the Federal Trade Commission act. Status : At issue.

Complaint No. 1450.--In the matter of Showers Bros. Co. Charge: Unfair methods of competition are charged In that respondent engaged In the manufacture and sale of furniture describes In Its advertisements certain articles of its furniture as composed of "Walnut," "Mahogany," "Combination walnut," "Combination mahogany," "Combination blended walnut," or "Combination blended mahogany," which statements when used by dealers In selling said furniture to customers have the capacity and tendency to mislead said customers into the belief that said furniture is composed in whole or in part of mahogany or walnut, when in truth and in fact said furniture is composed of other woods with a thin veneering of mahogany or walnut on the exposed surfaces, which acts are to the prejudice of the public and respondent's competitors who do not use such practices, in alleged violation of section 5 of the Federal Trade

Commission act. Status: Awaiting final argument.

Complaint No. 1451.--In the matter of Consolidated Cigar Co. Charge: It is charged that respondent acquired the stock or share capital of the "44" Cigar Co. and the G. H. P. Cigar Co., two of its competitors engaged in the manufacture and sale of cigars, the effect of said act being to substantially lessen com-petition and restrain commerce between and among respondent and said competitors and to create a monopoly, in violation of section 7 of the Clayton Act. Status: In course of trial.

Complaint No. 1452.--In the matter of Inecto (Inc.). Charge: Unfair methods of competition are charged in that the respondent engaged in the manufacture and sale of a hair dye designated by it as "Inecto Rapid Notox," sets forth in its advertising matter and stationery many false and misleading statements concerning the nature, properties, and characteristics of said hair dye and fur-

ther reproduce "unsolicited" testimonial letters, which letters are neither in fact unsolicited nor written to respondent, all of which acts have the capacity and tendency to mislead and deceive dealers and the public to the prejudice of the public and respondents' competitors, in alleged violation of section 5 of the Federal Trade Commission act. Status: At issue.

Complaint No. 1453.--In the matter of Fleck Cigar Co. Charge: Unfair methods of competition are charged in that respondent, engaged in the manufacture and sale of cigars in the State of Pennsylvania, causes the words "Rose-O-Cuba" and "Habana" to be placed on the boxes and containers in which its cigars are sold and on the brand or label upon each cigar, said acts having the capacity and tendency to mislead and deceive the trade and consuming public into the belief that said cigars are composed of Cuban tobacco, when in truth and In fact said cigars are composed of tobacco grown elsewhere than In Cuba, which acts are to the prejudice of the public and respondent's competitors, in alleged violation of section 5 of the Federal Trade Commission act. Status: At issue.

Complaint No. 1457.--In the matter of Samuel Breakstone. Charge: Unfair methods of competition are charged in that respondent engaged in the business of selling automobile parts, supplies and accessories, having bought In the open market from the United States Government certain spark-plug cores manufactured by the A C Spark Plug Co., one of respondent's competitors, bearing the symbol "A C," which cores were for use in airplane motors and would not function in automobile motors, has mounted said cores in spark-plug shells not made for or by said A C Spark Plug Co., makes written and oral representations to the public and dealers that said spark plugs are "A C" spark plugs manufactured by said competitor and designed and intended for use in automobile motors, and having procured a supply of certain cartons or containers formerly owned by said A C Spark Plug Co., packed its complete spark plugs therein, so placing in the hands of dealers a means of committing a fraud upon purchasers, said acts tending to divert and diverting business from respondent's said competitor and further, because respondent's spark plugs do not function properly, when applied to automobile motors, said acts tend to and do otherwise injure and prejudice said competitor, all of which acts are to the prejudice of the public and respondent's competitors, in alleged violation of section 5 of the Federal Trade Commission act. Status: Before the commission for final determination.

Complaint No. 1458.--In the matter of San Martin & Leon Co. (Inc.). Charge: Unfair methods of competition are charged in that respondent engaged in the business of selling and distributing cigars names and designates certain of Its cigars "Hoyo de Cuba," "Flor de San Marba Y Leon," and "El Briche" and sets forth on the boxes in which said cigars are packed the above phrases and in addition the words "Havana," "Mild Havana," "Mild Havan Cigars," and further that respondent labels the container of one of its cigars with the words "Guaranteed genuine Havana cigars from tobacco from our own plantation in Cuba," all of which acts have the capacity and tendency to and do mislead the trade and public into the belief that said cigars are composed wholly of Cuban or Havana tobacco when in truth and in fact said cigars are composed In part of Cuban or Havana tobacco, most of which Is purchased by respondent in the open market, and in part of tobacco grown elsewhere, and which acts are to the prejudice of the public and of those of respondent's competitors who sell cigars composed wholly of Cuban or "Havana" tobacco, or who sell cigars composed in part of tobacco grown elsewhere and make no representations to the contrary, in alleged violation of section 5 of the Federal Trade Commission act. Status: At issue.

Complaint No. 1459.--In the matter of John F. Reichard doing business under the trade name and style Manchester Cigar Co. Charge: Unfair methods of competition are charged In that respondent engaged in the manufacture and sale of cigars labels the boxes and containers In

which its cigars are packed with the words “Havana Cadet,” which act has the capacity and tendency to and does mislead the trade and public into the belief that said cigars are composed of Havana tobacco when in truth and in fact said Havana Cadet” cigars are composed entirely of tobacco grown elsewhere than in Cuba, and which act is to the prejudice of the public and of those of respondent’s competitors who sell cigars composed either entirely of Havana tobacco or entirely of tobacco grown elsewhere but without representing otherwise, in alleged violation of section 5 of the Federal Trade Commission act. Status: At issue.

Complaint No. 1461.--In the matter of Wheeling Steel Corporation, John Wood Manufacturing Co., Detroit Range Boiler & Steel Barrel Co., W. A. Case & Son Manufacturing Co., Casy-Hodges Co. (Inc.), and the Scaife Manufacturing Co. Charge: Unfair methods of competition are charged in that respondents engaged in the manufacture and sale of range boilers have established and maintained a certain sales policy with the alleged intent and purpose to destroy two local producers and competitors in the Pacific coast market. These two competitors are the National Steel Construction Co. of Seattle and the National Boiler & Manufacturing Co. of Los Angeles, both of which, from their geographical position, are unable to buy the raw materials used in the manufacture of range boilers at a price which compares favorably to the price respondents pay, as said raw materials are produced In Eastern States. As the cost and transportation of the raw materials is reflected materially in the sales price of both respondents and their competitors the sales policy of respondents works to the disadvantage of respondents' competitors. The sales policy of respondents is as follows: For one fixed and uniform lump sum each respondent sells its range boilers and pays the actual cost of transportation thereof to all markets in all parts of the United States. This allows a larger profit on sales near respondents' factories, which larger profit makes up for the loss sustained on sales to the Pacific coast market which covers the States of California, Oregon, and Washington. In this market respondents lose money on all sales because of said sales policy, and because the respondents' uniform sales prices are lower than the sales prices of the two above-mentioned competitors the sales policy has the capacity and tendency to and does create a monopoly in and of said Pacific coast market, which acts are to the prejudice of the public and respondents' competitors in alleged violation of section 5 of the Federal Trade Commission act, and because of the uniform lump-sum sales policy local competition is eliminated and constitutes an unlawful discrimination against the purchasing public in large territories of the United States by depriving such purchasers of the advantage otherwise accruing to them from their proximity to one of the respondents' factories in alleged violation of section 2 of the Federal antitrust act. Status: At issue.

Complaint No. 1462.--In the matter of Pepsodent Co., a corporation. Charge: Unfair methods of competition are charged In that respondent, engaged in the business of manufacturing dentifrices which it sells and distributes under the trade brand or label "Pepsodent," has adopted and employed and still employs a system for the maintenance of uniform resale prices by securing the cooperation of its customers, to this end using such practices as trade letters and interviews, reports by dealers of other dealers who fail to observe and maintain the resale prices, refusal to sell to dealers who fail to observe said resale prices and entering in contracts, agreements, or understandings for the observance of said resale prices as a condition of entering into or continuing business relations with dealers, which acts have the capacity and tendency to constrain dealers uniformly to sell respondent's products at the resale prices designated by respondent and so to hinder and suppress the free competition which otherwise would exist among dealers in respondent's products, all of which is to the prejudice of the public and respondent's competitors in alleged violation of section 5 of the Federal Trade Commission act. Status: At issue.

Complaint No. 1464.--In the matter of V. Vivaudou (Inc.). Charge: Unfair methods of competition are charged In that respondent, engaged in the business of manufacturing and selling perfumes, cosmetics, and other toilet articles, has acquired the stock of the Alfred H. Smith Co., a distributor of cosmetics and toilet articles, and further has had Parfumerie Melba (Inc.), the stock of which is owned by respondent, acquire the control of the Melba Manufacturing Co., which acts have the effect of substantially lessening competition among the

three corporations named and tend to create a monopoly, in alleged violation of section 7 of the Clayton Act. Status: In course of trial.

Complaint No. 1465.--In the matter of Havatampa Cigar Co. Charge: Unfair methods of competition are charged In that respondent, engaged in the manufacture and sale of cigars, names and designates one of its cigars "Hoye de Cuba," and sets forth on the boxes In which said cigars are packed the above phrase and in addition the words "Havana," "Habana," "Mild Havana, " Mild Habana," and "Mild Havana Cigar," and further makes similar representations in its various advertisements, which acts have capacity and

tendency to and do mislead the trade and consuming public into the belief that said cigars are composed wholly of tobacco grown on the island of Cuba, when In truth and in fact they are composed in whole or in part of tobacco grown elsewhere, all of which is to the prejudice of the public and respondent's competitors who do not misrepresent their cigars, in alleged violation of section 5 of the Federal Trade Commission act. Status: At issue.

Complaint No. 1467.--In the matter of Herbert L. Smith. Charge: Unfair methods of competition are charged in that respondent, engaged in the manufacture and sale of cigars, sets forth in advertising matter on containers and on bands used in connection therewith the words "Havana" and "Havana Brown," which representations have the capacity and tendency to and do mislead the trade and the consuming public into the belief that said cigars are composed wholly of tobacco grown on the island of Cuba, when in truth and in fact they are composed either in whole or in a substantial part of tobacco grown elsewhere than on the island of Cuba. Status: At issue.

Complaint No. 1468.--In the matter of the Light House Rug Co. (Inc.) . Charge : Unfair methods of competition are charged in that respondent, engaged in the manufacture and sale of rugs, has employed the personnel of the Chicago Lighthouse, an institution employing blind people and engaged in the manufacture of rugs formerly bought and distributed by respondent, and after so doing has continued the manufacture of rugs by said blind people and by power looms operated by people who are not blind; and has labeled each rug " Light House Rugs" and similarly advertised said rugs, which acts have the capacity and tendency to and do deceive the purchasing public into the belief that said rugs manufactured on power looms operated by people who are not blind are produced by hand by the labor of blind people, all to the prejudice of the public and respondent's competitors who do not so act, in alleged violation of section 5 of the Federal Trade Commission act. Status : Before the commission for final determination.

Complaint No. 1470.--In the matter of Scott & Bowne. Charge : Unfair methods of competition are charged in that respondent, engaged in the manufacture and sale of a certain medicine known as "Scotts Emulsion," has enforced and now enforces a system of uniform resale prices and in order to carry out said system it establishes uniform prices and issues price lists, enters into contracts and agreements with dealers for the maintenance of said prices, procures local groups of dealers to agree to maintain said prices, seeks and secures information as to nonmaintaining dealers, and exacts promises from wholesale dealers not to supply said price cutters and further refuses to sell to either wholesalers or retailers unless the price is maintained, which acts suppress competition in the distribution and sale of respondent's medicine and deprive the ultimate consumers of those advantages in price and otherwise which they would obtain under conditions of free competition, in alleged violation of section 5 of the Federal Trade Commission act. Status : Before the commission for final determination.

Complaint No. 1472.--In the matter of Pan-American Manufacturing Co. (Inc.). Charge: Unfair methods of competition are charged in that respondent engaged in the manufacture and sale of a concentrate or sirup known as "Grapico," advertises its product in such a way as to impart to the purchasing public that said product is the juice of the grape when in truth and in fact said product is not made from the juice or fruit of the grape, which act is to the prejudice of the public and respondent's competitors who do not so act, in alleged violation of section 5 of the Federal Trade Commission act. Status : At issue.

Complaint No. 1473.--In the matter of Bell International Tailors (Inc.). Michael Heller, S. R. Robins, and Simon Heller. Charge : Unfair methods of competition are charged in that respondent, individuals incorporated under the name "Bell International Tailors (Inc.)," with the intent and purpose of rep resenting the International Tailoring Co., a competitor, and engaged

in the business of selling men's and boy's ready-made clothing, makes numerous false and misleading statements, orally and in Its advertising, to the effect that it is a branch of or connected with the International Tailoring Co., one of respondent's competitors, that it makes to measure of the customer the clothing sold by it, that an extra suit is given, free of charge, with each purchase of a suit or overcoat, and that the clothes sold by it are union made, and further respondent gives to each customer a " Guarantee bond" guaranteeing the quality of its goods, which is in fact not a bond, all of which statements are in truth and in fact to the contrary and have the capacity and tendency to and do cause the

public to purchase respondent's clothes in the belief that said statements are true, to the prejudice of the public and respondent's competitors who do not so act, In alleged violation of section 5 of the Federal Trade Commission act. Status : At issue.

Complaint No 1474.--In the matter of Morgan-Field & Co. (Inc.), Lester Stern, Michael Heller, and Earl Weil. Charge: Unfair methods of competition are charged in that respondent Individuals incorporated under the name " Morgan-Field & Company, Inc.," with the intent and purpose of representing Marshall-Field & Co. and engaged In the business of selling men's and boy's ready-made clothing, makes numerous false and misleading statements, orally and in Its advertising, to the effect that It Is identical with Marshall-Field & Co., one of Its competitors, that it makes to measure of the customer the clothing sold by it and that its clothes are union made and, further, respondent gives to each customer a " Guarantee bond" guaranteeing the quality of its goods, which is In fact not a bond, all of which statements are In truth and in fact to the contrary and have the capacity and tendency to and do cause the public to purchase respondent's clothes In the belief that said statements are true, to the prejudice of the public and respondent's competitors who do not so act, in alleged violation of section 5 of the Federal Trade Commission act. Status : At issue.

Complaint No. 1476.--In the matter of H. Wenzel Tent & Duck Co. Charge : Unfair methods of competition are charged in that respondent engaged in the business of manufacturing tents, tarpaulins, and other canvas or duck products has advertised and labeled its products with a fictitious weight, said weight not being the basis used by the trade to designate goods of a certain quality, and, further, respondent's wagon covers and wall tents advertised, represented and referred to as being of certain dimensions in linear feet contain less than the number of linear feet advertised, which acts have the capacity and tendency to and do mislead purchasers or prospective purchasers into the belief that said products are made as advertised, all of which Is to the prejudice of the public and respondent's competitors in alleged violation of section 5 of the Federal Trade Commission act. Status : Awaiting examiner's report.

Complaint No.1478.--In the matter of N. Shure Co. Charge: Unfair methods of competition are charged In that respondent, engaged in the wholesale mail order business and selling, among other things, powders and liquid flavors designed and intended to be converted into beverages by the addition of water, labels the containers of said soft-drink powders and liquids with the names of various fruits, when in truth and in fact said powders and liquid flavors are not made from, nor do they contain the fruit or juice of the fruit so represented, which act has the capacity and tendency to and does mislead wholesale purchasers and the public into the belief that said powders and liquid flavors are composed in whole or in part of the fruit so represented, and further places in the hands of said wholesale dealers the means of deceiving the purchasing public to its prejudice and to the prejudice of respondent's competitors who do not so act, in alleged violation of section 5 of the Federal Trade Commission act. Status : At issue.

Complaint No. 1480.--In the matter of Hoosier Manufacturing Co., Union Soap Co., Crescent Soap Co., C. A. Wocher, Robert Wands, and Rose K. Wands. Charge : Unfair methods of competition are charged in that respondents, engaged In a common enterprise to produce and sell certain cheap products resembling soap and designated as soap, mislead and deceive the public as to the origin, quality, nature, and ingredients of such products by giving them brands, names, and labels, such as "Nature's Lemon Cocoa," "Marvola Vegetable Cream," "Pure Vegetable Oil Combined with Mineral Salts," "Foam White Family," and "Savetyme," all of which are false and deceptive and tend to mislead and deceive purchasers into believing that said soaps contain vegetable oils and mineral salts when In truth and In fact they do not contain said oils nor salts and, furthermore, label one of their toilet soaps "For Toilet, Bath and

Shampoo"; "Combination Price, 75c."; "Crescent Soap Company," which statements are deceptive and misleading, as said soap is not suitable for the toilet, containing from 50 to 60 per cent of ingredients other than soap ingredients, is not made to sell at 75 cents, but at a much lower figure, and is not manufactured by the Crescent Soap Co., all in alleged violation of section 5 of the Federal Trade Commission act. Status: In course of trial.

Complaint No. 1481.--In the matter of Edmond Waterman and Charles Waterman, doing business under the trade name and style of E. Waterman & Co. Charge : Unfair methods of competition are charged in that respondents,

engaged in the business of exporting apples, pears, and other fruits to the Republic of Argentina, have knowingly and contrary to the provisions of the trade-mark law of said Republic caused to be registered a number of names or designations of American apples and pears, have notified many of their competitors that all of said names were the property of respondents and had been registered by them as trade marks in Argentina, and that they had the right to prevent any barrel or box containing such apples or pears and bearing any of said names from entering Argentina, and threatened to hold such competitors responsible in damages for all shipments made by them of such apples or pears to Argentina under any of said names, which acts had and now have the capacity and tendency to and did and do hamper and hinder the lawful business of said competitors in the exportation of apples and pears to and the sale of said commodities in the said Republic of Argentina by deterring said competitors and causing them to refrain from such sale and exportation to Argentina of such products under aforesaid well-established and commonly used names and designations referred to herein, for the reason that said notices and threats have caused and still cause many of said competitors to believe that if they so export and sell said commodities they will be subjected by respondents to lawsuits and other litigation which respondents have threatened and still threaten to institute against said competitors, which alleged acts and practices have been and are now to the prejudice and Injury of respondent's competitors in alleged violation of section 5 of the Federal Trade Commission act. Status : At issue.

Complaint No. 1486.--In the matter of American School of Correspondence. Charge: Unfair methods of competition are charged in that respondent, engaged in the business of giving courses of instruction by correspondence, sets forth in its advertisements statements to the effect that it is organized and incorporated as an institution to operate without profit; that its entire income is expended In preparing and giving its courses; that for limited periods Its courses are sold at substantially less than the regular prices; that free textbooks, out fits of tools, etc., are given with its courses; that all pupils completing Its courses are supplied with positions at high and lucrative salaries; that pupils taking certain courses will thereby become experts; that pupils taking respondent's "high-school" course are qualified to enter all colleges, etc., and others, all of which alleged false and misleading acts have the capacity and tendency to cause the public to subscribe for respondent's courses in preference to courses of competitors who do not make such statements, in alleged violation of section 5 of the Federal Trade Commission act. Status : At issue.

Complaint No. 1487.--In the matter of the Ion a Co. Charge : Unfair methods of competition are charged In that respondent engaged In the manufacture and sale of an electromagnetic device purporting to have curative and therapeutic value and action when applied to the human body, sets forth in its advertisements statements to the effect that said device will benefit all diseases, that It is based on the discoveries and theories of well-known scientists, that It is used, indorsed, and recommended by well-known physicians, and others, and other statements of like effect, which acts have the capacity and tendency to and do mislead dealers and the purchasing public to purchase said device believing said statements to be true, all of which is to the prejudice of respondent's competitors who do not so act, in alleged violation of section 5 of the Federal Trade Commission act. Status: At issue.

Complaint No 1491.--In the matter of N. Fleugelman & Co. (Inc.) Charge: Unfair methods of competition are charged in that the respondent, engaged in the business of converting cotton fabrics arid selling the same at wholesale, advertises and sells certain of its fabric as "Satinmaid" or "Satlimized," when In fact said fabric Is not made in whole or in part from satin or silk, but is composed wholly of cotton, thereby tending to mislead and deceive the purchasing public and

to injure competitors who do not practice misrepresentation, in alleged violation of section 5 of the Federal Trade Commission act. Status: In course of trial.

Complaint No. 1492.--In the matter of Automatic Burner Corporation and A. B. C. Oil Burner Sales Corporation. Charge : Unfair methods of competition are charged in that the respondents, engaged in the manufacture and sale of oil burners, advertise that their "A. B. C. Burner" has been given the highest heating-efficiency rating by the Department of Agriculture and the United States Government, when in fact there is no justification for such claims, thereby tending to mislead and deceive the purchasing public and to injure

competitors who do not practice misrepresentation, in alleged violation of section 5 of the Federal Trade Commission act. Status: At issue on amended complaint.

Complaint No. 1493.--In the matter of Joseph C. Margulias, doing business under the trade name and style of Chester Hair Works. Charge: Unfair methods of competition are charged in that the respondent, engaged in the sale of hair to bedding manufacturers, offers and advertises as "curled hair" a product consisting of hair intermingled with a substantial proportion of Tampico and sisal or other substances containing no hair whatever, thereby tending to mislead and deceive the purchasing public and to injure competitors who do not practice misrepresentation, in alleged violation of section 5 of the Federal Trade Commission act. Status: In course of trial.

Complaint No.1494.--In the matter of Regent Tailors (Inc.), Dundee Woolen Mills Co., Dundee Tailoring Co., Max Greengard, and David Greengard. Charge: Unfair methods of competition are charged In that the respondent Regent Tailors (Inc.), engaged in the manufacture and sale of men's clothing and operated by the respondent individuals, makes use of the corporate name of Dundee Woolen Mills Co." and of the trade name "Dundee Woolen Mills', to deceive and mislead the purchasing public into the belief that the purchaser of said clothing at retail is dealing with a mill or mills in which raw materials are converted into the fabrics from which such clothing is manufactured, and that the purchaser thereby receives the benefit in price and quality associated with purchase from the producer, in alleged violation of section 5 of the Federal Trade Commission act. Status: At issue.

Complaint No. 1495.--Not released.

Complaint No. 1496.--In the matter of Raladam Co. Charge: Unfair methods of competition are charged In that the respondent, engaged in the preparation and sale of a thyroid " obesity cure" under the name " Marmola Prescription Tablets," advertises said product in a manner tending to mislead the purchasing public to believe that it is a scientifically accurate method of treatment resulting from protracted research and that it is safe, effective, and dependable in use, when in fact the present knowledge of thyroid as a remedial agent is stated not to justify the respondent's representation of its product, in alleged violation of section 5 of the Federal Trade Commission act. Status: In course of trial.

Complaint No. 1498.--In the matter of Arrow-Hart & Hegeman (Inc.). Charge: Unlawful restraint and monopoly are charged in that the respondent acquired the share capital of the Hart & Hegeman Manufacturing Co. and the Arrow Electric Co., thereby tending to substantially lessen competition and to restrain commerce In electrical wiring devices, in alleged violation of section 7 of the Clayton Act. Status: Awaiting answer.

Complaint No. 1499.--In the matter of Royal Baking Powder Co. Charge: Unfair methods of competition are charged in that the respondent, engaged in the manufacture and sale of baking powder, published and circulated a pamphlet and "foreword" which tended to mislead and deceive the public to believe that a trial examiner's report represented the decision of the Federal Trade Commission in Docket No.540 and that the commission had approved the methods of competition charged In said complaint; and, further, in that the respondent employed Thomas R. Shipp (Inc.) as its press agent for the distribution of news Items (with which the respondent's connection was wholly concealed), the effect of which was derogatory and disparaging to respondent's competitors and to the baking powders manufactured and sold by them, all in alleged violation of section 5 of the Federal Trade Commission act. Status: Awaiting answer. Petition by respondent for writ of mandamus which would require commission to announce decision on affidavits of prejudice filed by respondent in this case, is pending in the Supreme Court of the District of Columbia.

Complaint No. 1500.--In the matter of E B. Knickerbocker, trading under the name and style of Wayne Machine Co. Charge: Unfair methods of competition are charged In that the respondent, engaged in the rebuilding of used machinery and tools, adopted a trade name in simulation of that of the long-established and favorably known Wayne Machinery Co. (Inc.), thereby tending to mislead and deceive the purchasing public and to injure the respondent's competitor, Wayne Machinery Co. (Inc.), an alleged violation of section 5 of the Federal Trade Commission act. Status: Awaiting briefs.

Complaint No. 1501.--In the matter of VT. Bolin, trading under the name and style VT. Bolin Co., Fort Worth, Tex. Charge: Unfair methods of competition are charged in that the respondent, engaged In the sale of shares or interests in

leased oil lands, misrepresents leases, properties, oil production, prospects, and profits, thereby misleading and deceiving the purchasing public and injuring competitors who do not practice misrepresentation, In alleged violation of section 5 of the Federal Trade Commission act. Status: At issue.

Complaint No. 1502.--In the matter of T. G. Cooke, doing business under the trade name and style of University of Applied Science. Charge: Unfair methods of competition are charged in that respondent, engaged in the business of furnishing a course of printed instruction in finger-print work and secret-service intelligence, tends to mislead the public by the use of the word "University" as a part of its trade name, quotes fictitious prices for his course of instruction, offers pupils a "free" finger-print outfit, when in fact the said outfit is paid for by reason of the instruction fee, and represents that pupils will be given a life membership in an identification bureau, when in fact the so-called identification bureau has no real existence, all in alleged violation of section 5 of the Federal Trade Commission act. Status: In course of trial.

Complaint No. 1503.--In the matter of Perfect Voice Institute and T. G. Cooke. Charge: Unfair methods of competition are charged in that the respondent, engaged in the sale of a printed course of instruction in voice culture, quotes fictitious prices and makes numerous false and misleading statements based on a so-called Feuchtinger discovery of the functions of the hyoglossus muscle, which in fact has no connection with voice quality or production, in alleged violation of section 5 of the Federal Trade Commission act. Status: In course of trial.

Complaint No. 1504.--In the matter of Marsay School of Beauty Culture, O. C. Miller, A. J. Weber, and Ignatius Barnard. Charge: Unfair methods of competition are charged in that the respondents, engaged in the sale of courses of instruction by correspondence in the profession of "beauty culture," make numerous false and misleading representations as to the employment, remuneration, and profits to be enjoyed by its graduates, and falsely state that the respondents' school is the only home training school which enables its graduates to meet the requirements of the laws of the local jurisdiction, in alleged violation of section 5 of the Federal Trade Commission act. Status: In course of trial.

Complaint No. 1506.--In the matter of Chicago Correspondence School of Music (Inc.) and J. Peter Beringer. Charge: Unfair methods of competition are charged in that the respondent corporation, engaged in the sale of courses of instruction by correspondence in the art of music, advertises reduced or special tuition fees. for subscription within a pretended time limit, which are in fact the regular and full prices for the courses of instruction, and offers " free" musical instruments and carrying cases, when in fact the cost thereof is included in the tuition fee, all in alleged violation of section 5 of the Federal Trade Commission act. Status: In course of trial.

Complaint No. 1507.--In the matter of the Dr. Rodney Madison Laboratories (Inc.), Rodney Madison, individually. and as president of the Dr. Rodney Madison Laboratories (Inc.). Charge: Unfair methods of competition are charged in that the respondents, engaged in the sale of electric magnetic devices, make numerous false, misleading, and deceptive statements and representations as to the curative powers of their device " Vitrona "and as to the qualifications of the respondent, Rodney Madison, as a physician and inventor, thereby tending to mislead the purchasing public and to injure competitors who do not practice misrepresentation, in alleged violation of section 5 of the Federal Trade Commission act. Status: In course of trial.

Complaint No. 1508.--In the matter of American Poultry School and T. E. Quisenberry. Charge: Unfair methods of competition are charged in that the respondents, engaged in furnishing correspondence courses of instruction in poultry culture, employ sales methods involving fictitious prices, misrepresentation as to limited subscription periods, and the giving of " free" baby chicks the cost of which is in fact included in the regular tuition fee, in alleged

violation of section 5 of the Federal Trade Commission act. Status: In course of trial.

Complaint No. 1509.--In the matter of Forrest Dustin and C. G. Rose, co. partners doing business under the name of Tailor-Made Shoe System, and individually. Charge: Unfair methods of competition are charged in that the respondents, engaged in the sale of shoes, falsely advertise and represent that they are manufacturers of shoes saving the public the profits of middlemen, and that their shoes are custom made, thereby tending to mislead the purchasing public and to injure competitors who do not practice misrepresentation; and

further, In that the respondents mislead their salesmen and prospective salesmen to believe that they can earn indefinitely large incomes, thereby deceiving said salesmen and injuring competitors who do not make false inducements to secure the services of high-priced salesmen, all in alleged violation of section 5 of the Federal Trade Commission act. Status: At issue on amended complaint.

Complaint No. 1510.--In the matter of Hoyt Bros. (Inc.). Charge Unfair methods of competition are charged In that the respondent, engaged in the manufacture and sale of a general line of pharmaceuticals, cosmetics, toilet preparations, soaps, etc., brands certain of its soap as " Castile," thus indicating that it is an olive-oil product when in fact said soap includes vegetable oils, other than olive oil, and animal fats in a substantial and preponderant amount, thereby tending to mislead and deceive the purchasing public and to injure competitors who do not practice misrepresentation, all in alleged violation of section 5 of the Federal Trade Commission act Status: On suspense calendar awaiting decision in Docket 1110, James S. Kirk & Co.

Complaint No. 1511.--In the matter of Pennsylvania Salt Manufacturing Co. Charge: Unlawful restraint and monopoly are charged In that the respondent. engaged in the manufacture and sale of industrial chemicals, acquired directly all the share capital of a competitor, the Michigan Electrochemical Co., thereby tending to substantially lessen competition and restrain commerce in said products, in alleged violation of section 7 of the Clayton Act. Status : At issue.

Complaint No. 1512.--In the matter of the Anderson Co. Charge : Unfair methods of competition are charged in that the respondent, engaged in the manufacture and sale of accessories for Ford motor cars under the trade name "Anco," maintains and enforces specified uniform prices at which its product shall be resold by its jobbers and dealers, employing cooperative means and methods for the enforcement of said system of resale prices, thereby tending to hinder and suppress competition, in alleged violation of section 5 of the Federal Trade Commission act. Status : At issue.

Complaint No. 1513.--In the matter of Marion Butler Kirtland and Roy M. Kirtland, trading under the name and style of Ray Laboratories. Charge: Unfair methods of competition are charged in that the respondents, engaged in the sale of hair color restorer called "Youthray," make numerous false and misleading statements tending to deceive the public into the erroneous belief that the said product is a natural color restorer, in no way injurious to the scalp and effective in curing dandruff, in alleged violation of section 5 of the Federal Trade Commission act. Status : Awaiting answer.

Complaint No. 1514.--Not released.

Complaint No. 1515.--In the matter of Empire Manufacturing Co. Charge: Unfair methods of competition are charged in that the respondent, engaged in the manufacture and sale of furniture, describes its product as "Genuine Walnut," or "Combination Walnut," walnut being the wood composing the exposed ply of the broad or flat parts of the furniture without disclosure of the veneered construction and the relatively small proportion of use of the designated wood, thereby tending to mislead and deceive the purchasing public and to injure competitors who do not practice misrepresentation, in alleged violation of section 5 of the Federal Trade Commission act. Status : At issue.

Complaint No. 1516.--In the matter of Mechanics Furniture Co. Charge: Unfair methods of competition are charged in that the respondent, engaged in the manufacture and sale of furniture, describes its product by such designations as "Walnut," "Mahogany," "Mahogany and American Walnut," etc., walnut or mahogany being the wood composing the exposed ply of the broad or flat parts of the furniture without disclosure of the veneered construction and the relatively small

proportion of use of the designated wood, thereby tending to mislead and deceive the purchasing public and to injure competitors who do not practice misrepresentation, in alleged violation of section 5 of the Federal Trade Commission act. Status: At issue.

Complaint No. 1517.--In the matter of Union Furniture Co. Charge : Unfair methods of competition are charged in that the respondent, engaged in the manufacture and sale of furniture, describes its product by such designations as "Walnut," "Mahogany," "Walnut and gumwood," walnut or mahogany being the wood composing the exposed ply of the broad or flat parts of the furniture without disclosure of the veneered construction and the relatively small proportion of use of the designated wood, thereby tending to mislead and deceive the purchasing public and to injure competitors who do not practice misrepresentation, in alleged violation of section 5 of the Federal Trade Commission act. Status: At issue.

Complaint No. 1518.--In the matter of West End Furniture Co. Charge: Unfair methods of competition are charged in that the respondent, engaged in the manufacture and sale of furniture, describes its product by such designations as "Walnut," "Mahogany," "Walnut and gumwood combination," walnut or mahogany being the wood composing the exposed ply of the broad or flat parts of the furniture without disclosure of the veneered construction and the relatively small proportion of use of the designated wood, thereby tending to mislead and deceive the purchasing public and to injure competitors who do not practice misrepresentation, in alleged violation of section 5 of the Federal Trade Commission act. Status: At issue.

Complaint No. 1519.--In the matter of Winnebago Manufacturing Co. Charge: Unfair methods of competition are charged in that the respondent, engaged in the manufacture and sale of furniture, describes its products by such designations as "Mahogany," "Walnut," "Combination Mahogany," etc., the walnut or mahogany being the wood composing the exposed ply of the broad or flat parts of the furniture without disclosure of the veneered construction and the relatively small proportion of use of the designated wood, thereby tending to mislead and deceive the purchasing public and to injure competitors who do not practice misrepresentation, in alleged violation of section 5 of the Federal Trade Commission act. Status: At issue.

Complaint No. 1520.--In the matter of Rockford Cabinet Co. Charge : Unfair methods of competition are charged in that the respondent, engaged in the manufacture and sale of furniture, describes its product by such designations as "Walnut," "Mahogany," "Combination mahogany and gum," etc., the walnut or mahogany being the wood composing the exposed ply of the broad or flat parts of the furniture without disclosure of the veneered construction and the relatively small proportion of use of the designated wood, thereby tending to mislead and deceive the purchasing public and to injure competitors who do not practice misrepresentation, in alleged violation of section 5 of the Federal Trade Commission act. Status : Awaiting answer.

Complaint No. 1521.--In the matter of Rockford Chair & Furniture Co. Charge : Unfair methods of competition are charged in that the respondent, engaged in the manufacture and sale of furniture, describes its product as " Walnut" or " Mahogany," which are the woods composing the exposed ply of the broad or flat parts of the furniture without disclosure of the veneered construction and the relatively small proportion of use of the designated wood, thereby tending to mislead and deceive the purchasing public and to injure competitors who do not practice misrepresentation, in alleged violation of section 5 of the Federal Trade Commission act Status : At issue.

Complaint No. 1522.--In the matter of Rockford National Furniture Co. Charge : Unfair methods of competition are charged in that the respondent, engaged in the manufacture and sale of furniture, describes its product by such designations as "Mahogany," "Walnut," "Combination mahogany," etc., the mahogany or walnut being the wood composing the exposed ply of the broad or fiat parts of the furniture without disclosure of the veneered construction and the relatively small proportion of use of the designated wood, thereby tending to mislead and deceive the purchasing public and to injure competitors who do not practice misrepresentation, in alleged violation of section 5 of the Federal Trade Commission act Status : At issue.

Complaint No. 1523.--In the matter of Rockford Palace Furniture Co. Charge : Unfair methods of competition are charged in that the respondent, engaged in the manufacture and sale of furniture, describes its product by such designations as "Walnut," "Mahogany," "Walnut and gumwood," etc., the walnut or mahogany being the wood composing the exposed ply of the broad or fiat parts of the furniture without disclosure of the veneered construction and the relatively small proportion of use of the designated wood, thereby tending to mislead and deceive the purchasing public and to injure competitors who do not practice misrepresentation,

in alleged violation of section 5 of the Federal Trade Commission act. Status: At issue.

Complaint No. 1524.--In the matter of Rockford Republic Furniture Co. Charge : Unfair methods of competition are charged in that the respondent, engaged in the manufacture and sale of furniture, describes its products by such designations as " Five-ply walnut tops, fronts, and ends," "All exterior walnut construction," walnut being the wood composing the exposed ply of the broad or fiat parts of the furniture without disclosure of the veneered construction and the relatively small proportion of use of the designated wood, thereby tending to mislead and deceive the purchasing public and to injure com-

petitors who do not practice misrepresentation, in alleged violation of section 5 of the Federal Trade Commission act. Status : At issue.

Complaint No. 1525.--In the matter of Rockford Standard Furniture Co. Charge : Unfair methods of competition are charged In that the respondent, engaged In the manufacture and sale of furniture, describes its products by such designations as "Genuine mahogany," "Genuine walnut," "Combination walnut," etc., mahogany or walnut being the wood composing the exposed ply of the broad or fiat parts of the furniture without disclosure of the veneered construction and the relatively small proportion of use of the designated wood, thereby tending to mislead and deceive the purchasing public and to injure competitors who do not practice misrepresentation, in alleged violation of section 5 of the Federal Trade Commission act. Status: At issue.

Complaint No. 1526.--In the matter of Rockford Superior Furniture Co. Charge : Unfair methods of competition are charged in that the respondent, engaged in the manufacture and sale of furniture, describes its products by such designations as "Mahogany," "Walnut," "Genuine mahogany," etc., walnut or mahogany being the wood composing the exposed ply of the broad or fiat parts of the furniture without disclosure of the veneered construction and the relatively small proportion of use of the designated wood, thereby tending to mislead and deceive the purchasing public and to injure competitors who do not practice, misrepresentation, in alleged violation of section 5 of the Federal Trade Commission act. Status: At issue.

Complaint No. 1527.--In the matter of Aetna Fire Brick Co. and 55 other fire-brick manufacturing companies, J. J. Brooks, Jr., Frederick W. Donahoe, H. H. Hopwood, J. M. McKinley. Charge: Unfair methods of competition are charged, in that the respondents engaged or interested in the business of manufacturing and selling refractories or fire-brick shapes made of fire clay and/or silica, entered into an agreement, combination, and conspiracy to restrict, restrain, and suppress competition in the sale of refractories for the purpose of unduly enhancing selling prices and to bring about a substantial uniformity in such prices, all in alleged violation of section 5 of the Federal Trade Com mission act. Status: Awaiting answers.

Complaint No. 1528.--In the matter of Lionel Strongfort Institute. Charge: Unfair methods of competition are charged in that the respondent, engaged in the sale of courses of instruction in physical culture by correspondence, employs methods involving. fictitious tuition fees, misrepresentation as to limited subscription periods, the sale of accessories at "actual cost," and misleading representation as to the results to be obtained from the courses of instruction, in alleged violation of section 5 of the Federal Trade Commission act. Status: At issue.

Complaint No. 1529.--In the matter of Radio Corporation of America. Charge: Unfair methods of competition are charged in that the respondent, engaged in the sale of radio receiving sets, devices, tubes, and accessories and the licensing of radio receiving patents, embodies a contract of sale in its license agreements which tends to prevent licensees from using or dealing in radio tubes other than those sold by the licensor and to lessen competition and create a monopoly therein, in alleged violation of section 5 of the Federal Trade Commission act and section 3 of the Clayton Act. Status: Awaiting answer.

Complaint No. 1530.--In the matter of Albany Billiard Co., F. Grote, and Hubbell Co. (Inc.), and Portland Billiard Ball Co. Charge : Unfair methods of competition are charged in that the respondents; cooperating together with the common purpose of suppressing, restraining, and restricting competition In the sale and distribution of composition pool balls, have agreed that the respondent Portland Billiard Ball Co. cease the making of regulation size balls and that the respondent Albany Billiard Ball Co. cease the making of balls of less than the regulation size, agreeing also to acquire at fixed prices and sell each others products, all in alleged violation of

section 5 of the Federal Trade Commission act. Status: At issue.

Complaint No. 1531.--In the matter of Mulhens & Kropff (Inc.). Charge: Unfair methods of competition are charged in that the respondent, engaged in the manufacture and sale of chemical and toilet products, advertises, offers, and sells an Eau de Cologne which it labels, marks, dresses, and packs in simulation of the Eau de Cologne "4711," originally produced and sold by the long-established and favorably known house of Mulhens, thereby tending to mislead, deceive, and Induce the purchasing public to purchase respondent's Eau de Cologne as and for the original and genuine Eau de Cologne now manufactured and sold by Ferd. Mulhens (Inc.), in alleged violation of section 5 of the Federal Trade Commission act. Status: At Issue.

EXHIBIT 8

STIPULATIONS APPROVED AND ACCEPTED

During the fiscal year ending June 30, 1928, the commission approved and accepted stipulations Nos. 204 to 278, both inclusive, wherein respondents agreed to cease and desist from certain alleged unfair methods of competition, thereby disposing of pending applications for complaint involving unfair practices as follows :

[Copies of statements covering these stipulations may be had upon request to the commission]

204. Lingerie and Outerwear for Women.--Misuse of words "Silk" and "Rosesilk" in advertising. Approved and dismissed July 11, 1927.

205. Candy and Confections.--Restriction of competition. Boycott. (Inducing, coercing, or compelling manufacturers to refuse to sell to jobber competitors.) Approved and dismissed July 11, 1927.

206. Pyroxylin-Coated Material (imitation leather) .--Combination to fix and maintain prices, terms and discounts. Approved and dismissed July 29, 1927.

207. Cigars.--Misuse of words "Havana," "Habana," and "Vuelta Abajo" on brands or labels and in advertising. Approved and dismissed September
16, 1927.

208. Correspondence Course of Instruction.--Simulation of trade name; misuse of word "American" in trade name; use of alleged false indorsement; misuse of word " President" to imply corporate entity, in advertising. Approved and dismissed September 21, 1927.

209. Pumice Stone.--Misuse of word " Mills" on brands or labels and In advertising. Approved and dismissed September 21, 1927.

210. Shirts and Neckties.--Misuse of words " Broadcloth" and " Silk" in advertising; misuse of words " Silk tie free with every shirt" in advertising. Approved and dismissed September 21, 1927.

211. Shoes and Shirts.--Misuse of words " Direct to wearer," " Save middleman's profits," " Piccadilly," and " Imported" in advertising. Approved and dismissed October 5, 1927.

212. Hosiery (mail order).--Misuse of Words " Direct to wearer," " Silk," and " Chiffon" in advertising. Approved and dismissed October 5, 1927.

213. Dresses (mail order).--Misuse of words " Silk" and " Canton crepe" in advertising. Approved and dismissed October 14, 1927.

214. Shirts.--Misuse of words " Factory to wearer" and " Factory to you" in advertising, and of words "English broadcloth" in advertising. Approved and dismissed October 21, 1927.

215. Encyclopedia and Reference Works.--Misrepresentations in advertising concerning "unusual" or "limited" offers or "free" offers; fictitious price marking; representing usual prices to be "special"; maintenance of a fictitious collection agency; misuse of testimonials, and of word "Publishing" In trade name. Approved and dismissed October 21, 1927.

216. Shoes.--Misuse of words and letters "Army," "Navy," "Garrison,"
U, S.," " United States" in various combinations, with name or number of an inspector, on brands or labels. Approved and dismissed, November 2, 1927.

217. Piece Goods and Remnants.--Misuse in advertising of words "Direct from mills to you." Approved and dismissed December 2, 1927.

218. Piece Goods and Remnants.--Misuse in advertising of words "Direct from mills to

you." Approved and dismissed December 2.1927.

219. Toiletries (perfumes, cosmetics, etc.) --Resale price maintenance; refusal to sell. Approved and dismissed December 2,1927.

220. Electrical Fixtures.--Misuse In advertising of "cuts" or pictorial representations simulating products of competitors not handled by respondent Approved and dismissed December 2, 1927.

221. Lawn Mowers.--Misuse on stamps, brands, or labels of the words " ball bearings." Approved and dismissed December 2, 1927.

222. Lawn Mowers.--Misuse on stamps, brands, or labels of words " ball bearings." Approved and dismissed December 2, 1927.

223. Tooth Paste.--Resale price maintenance ; refusal to sell. Approved and dismissed December 2, 1927.

224. Candles for Use in Churches.--Misuse of words "Beeswax," "Wax," "Church," "Cathedral," "Altar" on brands or labels. Approved and dismissed December 2, 1927.

225. Leather, Harness, Saddles, Etc.--Misleading and false statements in advertising "I make harness from the leather I tan myself." Approved and dismissed December 5, 1927.

226. Beverages.--Misuse of fruit name (grape) as a trade brand or designation to describe synthetic product. Approved and dismissed December 12, 1927.

227. Shoes.--Misuse in advertising of words and letters "United States," "Army," "U.S." Approved and dismissed December 14, 1927.

228. Beverage Sirups and Concentrates.--Misuse of word " Grape" In corporate name and as brand or label on synthetic product ; misuse of pictorial representation of bunch of grapes as brand or label. Approved and dismissed January 11, 1928.

229. Beverage Concentrates.--Misuse of word "Grape" in trade name and on brands or labels to designate synthetic product. Approved and dismissed January 11, 1928.

230. Shirts.--Misuse In advertising of words "Direct from manufacturer," "English broadcloth," " Silk," and " Rayon silk." Approved and dismissed January 11, 1928.

231. Overalls.--Misuse of words "Shrunk" and "Shrunken" on brands or labels. Approved and dismissed January 11, 1928.

232. Ladders.--Misuse in advertising of words "Norway pine" and "Spruce." Approved and dismissed January 11, 1928.

233. Shoes.--Misuse on brands or labels of words "U. S." and "Army" with name of an inspector. Approved and dismissed January 11, 1928.

234. Washing Bluine.--Misuse in advertising of words "Free," "Given," "Gold filled," "10-karat solid gold filled," "Ivory finish," and "Platinum finish." Approved and dismissed January 11, 1928.

235. Manicuring specialties.--Misuse in advertising of words "Ivory," "Amber," "Shell," "Pearl," "Satin," "Platinum," "Platinum finish," "Orange.--wood," and "Orange." Approved and dismissed January 11, 1928.

236. Radio Receivers and Parts.--Resale price maintenance. Approved and dismissed January 11,1928.

237. Shoes.--Misuse in advertising of words " U. S." and "Army" with name of an inspector. Approved and dismissed January 11, 1928.

238. Shirts.--Misuse in advertising of words " Flannel," "Pongee," "Silk," and "Sylk" ; also as a brand or label. Approved and dismissed January 11, 1928.

239. Canvas Work Gloves.--Misuse in advertising of word "Manufacturers." Approved and dismissed January 23, 1928.

240. Stationery Printing.--Misuse in advertising of words "Engraved" and "Embossed." Approved and dismissed January 25, 1928.

241. Lumber.--Misuse in advertising and on brands or labels of words "White pine" (Pinue Strobus). Approved and dismissed February 8, 1928.

242. Lingerie.--Misuse of word "Manufacturing" in trade name; of words "Direct from manufacturers"; "Knitting" and " Mill" in advertising. Approved and dismissed February 10, 1928.

243. Hosiery.--Misuse of words "Silk" and "Fashioned" on brands or labels. Approved and

dismissed February 15, 1928.

244. Elastic Reducing Belts.--Misuse In advertising of word “Silk.” Approved and dismissed February 15, 1928.

245. Beverage Concentrates and Sirups.--Misuse in advertising of fruit names to describe synthetic product, together with pictorial representation of said fruit. Approved and dismissed February 24, 1928.

246. Candy.--Resale price maintenance; refusal to sell. Approved and dismissed February 29, 1928.

247. Beverage Concentrates and Powders.--Misuse in advertising and on brands or labels of fruit names to describe synthetic products. Approved and dismissed March 2, 1928.

248. Candles for Use in Churches.--Misuse on brands or labels of words " Bees-wax," "Wax," and "Altar." Approved and dismissed March 5, 1928.

249. Stationery Printing.--Misuse in advertising of words "Bossed," "Embossed," "Embossing," and "Emboss." Approved and dismissed March 16, 1928.

250. Plated Ware and Metal Goods.--Misuse In advertising and on brands or labels of word " Silver." Approved and dismissed March 23, 1928.

251. Malt Extracts and Malt Sirups.--Misuse in advertising of words "Imported," "Bohemian," and "Germania" ; also as brands or labels. Approved and dismissed March 23, 1928.

252. Shirts.--Misuse In advertising of words "English," "Imported," "Silk," and "Flannel." Approved and dismissed March 26, 1928.

253. Outerwear.--Misuse of word "Knitting" in trade name and of words "Knitting" and " Manufacturers" in advertising. Approved and dismissed April 2, 1928.

254. Garden Tractors.--Misrepresentation In advertisements of horsepower of motors. Approved and dismissed April 6, 1928.

255. Toilet Preparations.--Misuse of word "Oil" on brands or labels and in advertising (Cuticle oil). Approved and dismissed April 18, 1928.

256. Bed Ticking.--Misuse in advertising and on brands or labels of word " Bohemian." Approved and dismissed April 18, 1928.

257. Automobile Seat Covers.--Misuse of word "Mills" in trade name. Approved and dismissed April 27, 1928.

258. Fountain Pens.--Misuse of word "Manufacturing" in trade name; of word "Iridium" in advertising; fictitious price marking. Approved and dismissed April 27, 1928.

259. Novelties (knife and chain combinations).-Fictitious price marking. Approved and dismissed April 27, 1928

260. Bed Spreads, Hosiery.--Misuse of word "Mills" in trade name ; of words "Direct from mill" and " Silk" In advertising. Approved and dismissed April 27, 1928.

261. Remnants.--Misuse in advertising of words "Direct from manufacturer" (or "Mills") and of word "Free." Approved and dismissed April 27, 1928.

262. Shoes.--Misuse in advertising and on brands or labels of words "U.S.A.," "Army," "Regulation Army," "Regulation garrison," and "Garrison." Approved and dismissed May 2, 1928

263. Patent Roofing.--Misuse in advertising of words "Perfect fire protection." Approved and dismissed May 4, 1928

264. Beverage Concentrates and Sirups.--Misuse in advertising and on brands or labels of fruit names to describe synthetic products. Approved and dismissed April 18, 1928

265. Soap.--Misuse on brands or labels of word "Buttermilk." Approved and dismissed May 21, 1928.

266. Building Material.--Misuse in advertising of word "Lumber." Approved and dismissed May 21, 1928.

267. Plasters (alleged remedies for rheumatism)--Misuse in advertising of words "Given," "Free," "Ruby," "Opal," "Emerald," "Silk." Approved and dismissed June 1, 1928.

268. Salt.--Misuse in advertising and on brands or labels of word "Kanawha." Approved and dismissed June 1, 1928.

269. Salt.--Misuse in advertising and on brands or labels of word "Kanawha." e Approved and dismissed June 1, 1928

270. General Mail Order Business.--Misuse In advertising of words : Wool, cashmere,

flannel, serge, silk, pongee, pongette, satin, tussah, linene, linine, linet, ruby, sapphire, diamond, emerald, muskrat, mink. Approved and dismissed June 6, 1928

271. Fences.--Misuse In advertising of words "Uncle Sam," with pictorial representation of said character; misrepresentation as to tensile strength of product; misuse of words "Double galvanized." Approved and dismissed June 11, 1928.

272. Patent Roofing Materials.--Misuse in advertisements of words "Fire safe." Approved and dismissed June 11, 1928

273. Rice.--Passing off. Misuse on brands or labels and in advertising of word "Monaco," which said word is trade brand of competitor. Approved and dismissed June 25, 1928.

274. Blankets, Bedspreads, Etc.--Misuse of word "Mills" In trade name. Approved and dismissed June 25, 1928.

275. Beverage Concentrates and Flavors.--Misuse In advertising and on brands or labels of fruit names to designate synthetic products. Approved and dismissed June 25, 1928.

276. Shoes.--Misuse in advertising and on brands or labels of words "Army," "Munson last," and "Last." Approved and dismissed June 25, 1928.

277. Miners' Carbine Lamps.--Resale price maintenance. Approved and dismissed June 25, 1928.

278. Beverage Concentrates and Extracts.--Misuse in advertising of names of fruits and/or pictorial representations of same to designate synthetic products. Approved and dismissed June 25, 1928.

EXHIBIT 9

TRADE PRACTICE CONFERENCES

During the last fiscal year statements of the commission have issued relating to conferences held for the industries named below:

Industry	Where held	Date of statement
Motion pictures	New York	May 25, 1928
Butter, egg, cheese, and poultry	San Francisco	July 7, 1927
Correspondence schools	Pittsburgh	July 21, 1927
Woven furniture	Chicago	July 26, 1927
Edible oil	New York	Jan. 31, 1928
Shirting fabrics	do	Jan. 26, 1928
Fur	do	Mar. 7, 1928
Petroleum (Virginia)	Richmond	Mar. 22,1928
Golf balls	Cleveland	Feb. 6, 1928
Heavy sheet glass	New York	May 1, 1928

Conferences were also held for the following Industries, but statement of the commission not Issued prior to July 1, 1928, to wit:

Industry	Where held	Date
Millwork Industry	Chicago	May 15, 1928
Woodturning--hickory handle	St. Louis	May 22, 1928

A full official report of any conference, setting forth the resolutions adopted by the Industry and the action taken by the Federal Trade Commission, may be obtained upon application to the commission.

EXHIBIT 10

INQUIRIES MADE BY THE FEDERAL TRADE COMMISSION SINCE ITS ORGANIZATION IN 1915, AT THE REQUEST OF THE SENATE THE HOUSE OF REPRESENTATIVES, THE PRESIDENT, THE ATTORNEY GENERAL, AND ON MOTION OF THE COMMISSION

SENATE

Fertilizer--S. Res. 487, 62d Cong., 3d sess.--The inquiry made in response to this resolution, which was begun by the Bureau of Corporations, disclosed the extensive use of bogus independent fertilizer companies used for purposes of competition, but through conferences with the principal manufacturers agreements were reached for the abolition of such unfair competition.

Pipe lines--S. Res. 109, 63d Cong., 1st sess.--The report on this inquiry, which was begun by the Bureau of Corporations, showed the dominating importance of the pipe lines in the great mid-continent oil fields, and that the pipe-line companies, which were controlled by a few large oil companies, not only charged excessively high rates for transporting petroleum but also evaded their duties as common carriers by insisting on unreasonably large Shipments to the detriment of the numerous small producers.

Gasoline--S. Res. 457, 63d Cong., 2d sess.--Acting under this resolution, the commission published a report on gasoline prices in 1915, which discussed the high prices of petroleum products and showed how the various Standard Oil companies had continued to maintain a division of marketing territory among themselves. The commission suggested several plans for restoring effective competition in the oil Industry.

Sisal hemp--S. Res. 170, 64th Cong., 1st sess.--In response to a resolution calling on the commission to assist the Senate Committee on Agriculture and Forestry by advising how certain quantities of hemp, promised by the Mexican Sisal Trust, might be fairly distributed among American manufacturers of binder twine, the commission made an inquiry and submitted a plan of distribution, which was followed.

Newsprint paper--S. Res. 177, 64th Cong., 1st sess.--The newsprint-paper Inquiry resulted from an unexpected advance in prices. The report of the com mission showed that these prices were very profitable and that they had been partly the result of certain newspaper association activities which were in restraint pf trade. Through the good offices of the commission distribution of a considerable quantity of paper to needy publishers was obtained at comparatively reasonable prices. The Department of Justice instituted proceedings, in consequence of which the association was abolished and certain newsprint manufacturers indicted.

Anthracite coal--S. Res. 217, 64th Cong., 1st sess., and S. Res. 51, 65th Cong., 1st sess.--The rapid advance in the prices of anthracite at the mines, compared with costs, and the extortionate overcharging of anthracite jobbers and dealers were disclosed in the Inquiry in response to these resolutions and a system of current reports called for regarding selling prices which substantially checked further exploitation of the consumer.

Book paper--S. Res. 269, 64th Cong., 1st sess.--The inquiry into book paper, which was

made shortly after the newsprint inquiry, had a similar origin and disclosed similar restraints of trade, resulting in proceedings by the commission against the manufacturers involved therein to prevent the enhancement of prices. The commission also recommended legislative action to repress restraints of trade by such associations.

Flags--S. Res. 35, 65th Cong., 1st sess.--A sudden increase in the prices of American flags led to this inquiry, which disclosed that while a trade association had been active to fix prices shortly before the price advance had been so great on account of the war demand that further price fixing had been superfluous.

Independent Harvester Co.--S. Res. 212 65th Cong. 2d sess.--This resolution called for a thorough investigation of the organization and methods of operation of the company which had been formed several years before to compete with the Harvester Trust The company passed into receivership, and the report disclosed that mismanagement and insufficient capital brought about Its failure.

Farm Implements--S. Res. 223, 65th Cong., 2d sess.--The high prices of farm implements led to this inquiry, which disclosed that there were numerous trade combinations to advance prices and that the consent decree for the dissolution of the International Harvester Co. was absurdly inadequate. The commission recommended a revision of the decree and the Department of Justice proceeded against the company to that end.

Milk--S. Res. 431, 65th Cong., 3d sess.--This inquiry into the fairness of milk prices to producers and of canned milk to consumers, and whether they were affected by fraudulent or discriminatory practices, resulted in a report showing marked concentration of control and of questionable practices in the buying and handling of cream by butter manufacturers, many of which have since been recognized as unfair by the trade itself.

Southern livestock prices--S. Res. 133, 66th Cong., 1st sess.--The low prices of southern livestock, which gave rise to the belief that discrimination was being practiced, were investigated, but the alleged discrimination did not appear to exist.

Pacific coast petroleum--S. Res. 138, 66th Cong., 1st sess.--On the Pacific coast the great increase in the prices of gasoline, fuel oil, and other petroleum products led to this inquiry, which disclosed that several of the companies were fixing prices.

Commercial feeds--S. Res. 140, 66th Cong., 1st sess.--The inquiry into commercial feeds, which aimed to discover whether there were any combinations or restraints of trade in that business, was diligently pursued, and though it disclosed some association activities in restraint of trade, it found no important violation of the antitrust laws. Certain minor abuses in the trade were eliminated.

Meat-packing profit limitations--S. Res. 177, 66th Cong., 1st sess.--The inquiry into meat-packing profit limitations had as its object the study of the system of war-time control established by the Food Administration ; certain changes were recommended by the commission, including more complete control of the business and lower maximum profits.

Tobacco prices--S. Res. 129, 67th Cong., 1st sess.--This inquiry was also directed to the low prices of leaf tobacco and the high prices of tobacco products. It disclosed that in the sale of tobacco several of the largest companies were engaged in numerous conspiracies with their customers--the jobbers--to enhance the selling prices of tobacco. Proceedings against these unlawful acts were instituted by the commission.

House furnishings--S. Res. 127, 67th Cong., 2d sess.--The alleged failure of house-furnishing goods to decline in price since 1920 as much as most other commodities, alleged to be due to restraints of trade, was inquired into by the commission. Three reports were issued on the subject, dealing with wooden household furniture, household stores, kitchen furnishings, and domestic appliances. These reports showed that extensive conspiracies existed, under the form of cost-accounting devices and meetings. to inflate the prices of such goods.

Export grain--S. Res. 133, 67th Cong., 2d sess.--The low prices of export wheat gave rise to this inquiry, which developed extensive and harmful speculative manipulation of prices on the grain exchanges and conspiracies among country grain buyers to agree on maximum prices for grain purchased. Legislation for a stricter supervision of grain exchanges was recommended, together with certain changes in their rules. The commission also recommended governmental action looking to additional storage facilities for grain uncontrolled by grain dealers.

Flour milling--S. Res. 212, 67th Cong., 2d sess.--A report on the inquiry into the flour-

milling industry was sent to the Senate in May, 1924. It showed the costs of production of wheat flour and the profits of the flour-milling companies in recent years. It also discussed the disadvantages to the miller and consumer arising from an excessive and confusing variety in the sizes of flour packages.

Cotton trade--S. Res. 262, 67th Cong., 2d sess.--The inquiry Into the cotton trade originated by this resolution was covered in part by a preliminary report issued in February, 1923, which discussed especially the causes of the decline in cotton prices in 1922 and left the consideration of the other topics Indicated

to be treated in connection with an additional and related inquiry called for by the Senate at that time.

Fertilizer--S. Res. 307, 67th Cong., 2d sess.--The fertilizer inquiry developed that active competition generally prevailed in the Industry in this country, though in foreign countries combinations control some of the most important raw materials. The commission recommended constructive legislation to improve agricultural credits and more extended cooperative action in the purchase of fertilizer by farmers.

Foreign ownership in petroleum industry--S. Res. 311, 67th Cong., 2d sess.--The acquisition of extensive oil interests in this country by the Dutch-Shelf concerns, an international trust, and discrimination practiced against Americans in foreign countries provoked this inquiry which developed the situation in a manner to promote greater reciprocity on the part of foreign governments.

Calcium arsenate--S. Res. 417, 67th Cong., 4th sess.--The high prices of calcium arsenate, a poison used to destroy the cotton boll weevil, led to this inquiry from which it appeared that time cause was due to the sudden increase In demand rather than to any restraints of trade.

Cotton trade--S. Res. 429, 67th Cong., 4th sess.--The inquiry in response to this second. resolution on the cotton trade was combine with the one mentioned above and resulted in a report which was sent to the Senate in April, 1924. This report recommended that Congress enact legislation providing for some form of southern warehouse delivery oil New York contracts, and as a part of such a delivery system the adaption of a future contract which would require that not more than three adjacent or contiguous grades should be delivered on any single contract. The commission also recommended a revision of the system of making quotations and differences at the various spot markets and the abolition of deliveries on futures at New York. The special warehouse committee of the New York Cotton Exchange on June 28, 1924, adopted the recommendations of the commission with reference to the southern delivery on New York contracts, including the contiguous grade contract.

National wealth--S. Res. 451, 67th Cong., 4th sess.--This resolution called for a comprehensive inquiry into national wealth and income and specially indicated for investigation the problem of tax exemption and the increase in Federal and State taxes in recent years. Two reports were issued as a result of this inquiry. The first was a discussion of taxation and tax exemption which among other things comprised an elaborate estimate of the amount and ownership of tax-exempt securities by different classes of corporations and persons, and examined the significance of these facts with respect to the great increase in the burdens of taxation. The second report was devoted to national wealth and income, estimating the former to be $353,000,000,000 in 1922 and the national income in 1923 at $70,000,000,000. The nature of the wealth and income and its distribution among various classes is also given.

Bread--S. Res. 163, 68th Cong., 1st sess.--This resolution directed the commission to investigate the productions, distribution, transportation, and sale of flour and bread, showing costs, prices, and profits at each stage of the process of production and distribution; the extent and methods of price fixing, price maintenance, and price discrimination, concentration of control in the milling and baking industries ; and evidence indicating the existence of agreements, conspiracies, or combinations in restraint of trade. Two preliminary reports were issued dealing with competitive conditions in flour milling and bakery combines and profits. The final report covered the whole problem and showed, among other things, that wholesale baking In recent years had been generally profitable. It disclosed also price-cutting wars by the big bakery combines and subsequent price-fixing agreements.

Cotton merchandising practices--S. Res. 252, 68th Cong., 1st sess.--Abuses in handling

consigned cotton are discussed in the report on this inquiry and a number of recommendations designed to correct or alleviate existing conditions are made.

Packer consent decree--S Res. 278, 68th Cong., 2d sess.--In response to this resolution a report was made reviewing the legal history of the consent decree and the efforts made to modify or vacate it. A. summary is given of the divergent economic interests involved the question of packer participation In unrelated lines. The report recommended the enforcement of the decree against the big five packing companies.

Empire Cotton Growing Corporation--S. Res. 317, 68th Cong., 2d sess.--This inquiry concerned the development, methods, and activities of the Empire Cotton Growing Corporation, a British company. The report discusses world cotton

production and consumption and conclude that there is little danger of serious competition to the American cotton grower and that it will be many years before there is a possibility of the United States losing its Position as the largest producer of raw cotton.

Tobacco--S. Res. 329, 68th Cong 2d sess.--The report on this investigation related to the activities of the American Tobacco Co. and the Imperial Tobacco Co. of Great Britain. The alleged illegal agreements, combinations, or conspiracies between these companies did not appear to exist. The report dis closed on the other hand evidences of mismanagement in a heading tobacco growers cooperative association.

Electric power--S. Res. 329, 68th Cong., 2d sess.--Two reports on the electric power industry were made pursuant to this resolution. The first dealt with the organizations, control, and ownership of commercial electric-power companies and showed the extreme degree to which pyramiding has been carried in superposing a series of holding companies over the underlying operating companies. The second report related to the supply of electrical equipment and competitive conditions existing in the industry. The dominating position of the General Electric Co. is clearly brought out.

Petroleum prices--S. Res. 31, 69th Cong., 1st sess.--A comprehensive study covering all branches of the industry from the ownership of oil lands and the production of crude petroleum to the conversion of petroleum into finished products and their distribution to the consumer. The report described not only the influences affecting the movements of gasoline and other products, but also discussed the organization and control of the various important concerns In the industry. No recent evidence was found of any understanding, agreement, or manipulation among the large oil companies to raise or depress prices of refined products.

Open--price associations--S. Res. 28, 69th Cong., special sess.--This resolution called for an investigation to ascertain the number and names of so-called open-price associations, their importance in the industry, and the nature of their activities, with particular regard to the extent to which uniform prices are maintained among members to wholesalers or retailers.- The report in response to this resolution has not yet been issued.

Cooperative marketing--S. Res. 34, 69th Cong., special sess.--An inquiry on the development and importance of the cooperative movement in the United States and illegal interferences with the formation and operation of cooperatives. The report includes also a study of comparative costs, prices, and marketing practices as between cooperative marketing organizations and other types of marketers and distributors handling farm products.

Stock dividends--S. Res. 304, 69th Cong., 2d sess.--This resolution called for a list of the names and capitalization of those corporations which had issued stock dividends, together with the amount of such stock dividends, since the decision of the Supreme Court, March 8, 1920, holding that stock dividends were not taxable. The same Information for the equal period prior to that decision was also called for. The report contains a list of 10,245 such corporations and a brief discussion on the practice of declaring stock dividends, concluding it to be of questionable advantage as a business policy.

Utility corporations--S. Res. 83, 70th Cong., 1st sess.--This resolution directed the commission to make an investigation of electric and gas public utility companies and their holding companies with respect to their financial development and practices, the conditions respecting the control of the industry, propaganda in opposition to public ownership and attempts to influence elections to certain offices. The resolution directed the holding of public hearings In the conduct of the investigation and called for monthly progress reports to be made to the Senate. The first of these reports was dated March 15, 1928.

Chain stores--S. Res. 224, 70th Cong. 1st sess.--Pursuant to This resolution the commission initiated a general inquiry into merchandising through chain stores. The study will bring out the

advantages or disadvantages of This form of marketing as compared with those of other types and an examination of the activities of chain-store systems to ascertain whether they involve any violation of the antitrust laws.

HOUSE OF REPRESENTATIVES

Bituminous coal--H. Res. 352, 64th Cong., 1st sess.--While this resolution aimed originally at the investigation of the alleged depressed condition of the bituminous-coal industry the Inquiry had not long been under way before there

was a great advance in prices; and the commission in its report suggested various measures for insuring a more adequate supply at reasonable prices. War-time price control was soon after established.

Sugar--H. Res. 150, 66th Cong., 1st sess.--The extraordinary advance in the price of sugar in 1919 led to this inquiry, and the price advance was found to be due chiefly to speculation and hoarding in sugar. Certain recommendations were made for legislative action to cure these abuses.

Shoe costs and prices--H. Res. 217, 66th Cong., 1st sess.--The high prices of shoes after the war led to this inquiry, and the investigation of the commission attributed them chiefly to supply and demand conditions. The economic waste due to the excessive variety of styles and rapid changes therein was emphasized.

Cotton yarn--H. Res. 451, 66th Cong., 2d sess.--The commission was called upon in 1920, by this resolution, to investigate the very high prices of combed cotton yarn, and the inquiry disclosed that there had been an unusual advance in prices and that the profits in the industry had been extraordinarily large for several years.

Petroleum prices--H. Res. 501, 66th Cong., 2d sess.--Another inquiry into high prices of petroleum products. The report of the commission pointed out that the Standard companies practically made the prices in their several marketing territories and avoided competition among themselves. Various constructive proposals to conserve the oil supply were made by the commission.

Tobacco prices--H. Res. 533, 66th Cong., 2d sess.--An inquiry into the prices of leaf tobacco and the selling prices of tobacco products. The unfavorable relationship between them was reported to be due in part to the purchasing methods of the large tobacco companies. As a result of this inquiry the commission recommended that the decree dissolving the old Tobacco Trust should be amended and alleged violations of the existing decree prosecuted. Better systems of grading tobacco were also recommended by the commission.

Radio--H. Res, 548, 67th Cong., 4th sess.--As a result of the investigation made by the commission in response to this resolution it was found that a vast number of patents were owned by and cross licensed among a number of large companies. At the conclusion of the investigation the commission instituted proceedings against these companies charging a monopoly of the radio field.

Cottonseed--H. Res. 439, 69th Cong., 2d sess.--Alleged fixing of prices paid for cottonseed led to this investigation. The commission found considerable evidence of cooperation among the State associations, but the evidence as a whole did not indicate that prices had been fixed by those engaged in crushing or refining cottonseed in violation of the antitrust laws. One of the main causes of dissatisfaction to both the producer of cottonseed and those engaged in its purchase and manufacture was found to be the lack of a uniform system of grading.

PRESIDENT

Trade and tariffs in South America.--This report was an outgrowth of the First Pan American Financial Conference, which met at Washington May 24-29, 1915. Its immediate purpose was to furnish the American branch of the International High Commission, appointed as a result of this financial conference, with concrete information to assist it in the deliberations of the International High Commission. The tariff characteristics of Brazil, Uruguay, Argentina, Chile, Bolivia, and Peru are discussed in the report. The investigation established the prevalence of a decided protective tariff tendency in some of the South American countries as against the erroneous Impression that had been created in this country that all the Latin American tariffs

were devised purely for revenue.

Food inquiry--February 7, 1917.--The general food investigation, undertaken with a special appropriation of Congress, resulted in a very important series of reports on the meat-packing industry, which had as their immediate result the enactment of the packers and stockyards act for the control of this industry and the prosecution of the big packers for a conspiracy in restraint of trade by the Department of Justice. Another branch of the food inquiry developed important facts regarding the grain trade which were of assistance to Congress in regulating the grain exchanges and to the courts In interpreting the law. Reports were also issued on the flour-milling and food-canning industries.

War-time cost finding--July 25, 1917.--The numerous cost investigations made by the Federal Trade Commission during the war into the coal, steel, lumber, petroleum, cotton-textile, locomotive, leather, canned foods, and copper

industries, not to mention scores of other important industries, on the basis of which prices were fixed by the Food Administration, the War Industries Board, and the purchasing departments like the Army, Navy, Shipping Board, and Railroad Administration, were all done under the President's special direction, and it is estimated that they helped to save the country many billions of dollars by checking unjustifiable price advances. Subsequent to the war a number of reports dealing with costs and profits were published based on these war-time inquiries. Among these may be mentioned reports on steel, coal, copper, lumber, and canned foods.

Wheat prices--October 12, 1920.--The extraordinary decline of wheat prices in the summer and autumn of 1920 led to a direction of the President to inquire into the reasons for the decline. The chief reasons were found in abnormal market conditions, including certain arbitrary methods pursued by the grain purchasing departments of foreign governments.

Gasoline--February 7, 1924.--At the direction of the President, the commission undertook an inquiry into a sharp advance in gasoline prices. The report on this inquiry was referred by the President to the Attorney General and has not yet been published.

ATTORNEY GENERAL

Raisin combination--September 30, 1919.--A combination of raisin growers in California was referred to the commission for examination by the Attorney General pursuant to the Federal Trade Commission act, and the commission found that it was not only organized in restraint of trade but was being conducted in a manner that was threatening financial disaster to the growers. The commission recommended a change of organization to conform to the law, which was adopted by the raisin growers.

Lumber trade associations--September 4, 1919.--An extensive survey of lumber manufacturers associations throughout the United States. The information secured was presented in a series of reports revealing the activities and attitude of lumber manufacturers toward national legislation, amendments to the revenue laws, elimination of competition of competitive woods, control of prices and production, restriction of reforestation, and other matters. In consequence of the commission's findings and recommendations the Department of Justice initiated proceedings against certain of these associations for violations of the antitrust laws.

MOTION OF THE COMMISSION

Cooperation in American Export Trade.--An extensive investigation of competitive conditions affecting Americans in international trade. The report dis-closed the marked advantages of other nations in foreign trade by reason of their superior facilities and more effective organizations. The Webb-Pomerene Act authorizing the association of manufacturers for export work was enacted as a direct result of the recommendations embodied in this report.

Commercial bribery.--The prevalence of commercial bribery of employees was brought out in a special report to Congress. The report carried with it recommendations for legislation striking at this vicious practice.

Resale price maintenance.--The question whether a manufacturer of standard articles, identified by trade-mark or trade practice, should be permitted to fix by contract the price at which the purchasers could resell them led to this report. The commission recommended to Congress the enactment of legislation permitting resale price maintenance under certain conditions.

Leather and shoe industries.--The general complaint about the high, prices of shoes in the latter part of 1917 as compared with the low prices of country hides led the commission to

undertake this investigation. No justification for the high prices for shoes could be found and recommendations were made for the relief of this condition.

Woolen rag trade.--This report contains certain information that was gathered during the war at the request of the War Industries Board for its use in regulating the prices of woolen rags. The compilation of the data and the preparation of the report was authorized by the commission on June 30, 1919.

Petroleum.--Complaints of several Important producing companies in the Salt Creek oil field led to this investigation. The report covers the production, pipe-line transportation, refining, and wholesale marketing of crude petroleum and petroleum products in the State of Wyoming.

Bituminous coal.--The report on investment and profit in soft-coal mining was prepared and transmitted to Congress with the belief that the information would be of timely value in consideration of pending legislation regarding the coal trade. The data cover the years 1916 to 1921. inclusive.

Petroleum.--A special report directing the attention of Congress to conditions existing in the petroleum trade in Wyoming and Montana. Remedial legislation is recommended by the commission.

Cooperation.--The report on cooperation in foreign countries is the result of studies of the cooperative movement in fifteen European countries and concludes with recommendations for further developments of cooperation in the United States.

Anthracite coal --A report dealing with premium prices of anthracite coal charged by certain mine operators and the premium prices and gross profits of wholesalers in the latter part of 1923 and early in 1924. The report discusses also the development of the anthracite combination and the results of the Government's efforts to dissolve it

Panhandle petroleum.--An inquiry into conditions in the Panhandle (Texas) oil field made in response to requests of crude-petroleum producers. The report revealed that a reduction of prices late in 1926 was largely a result of difficulties of handling and expenses of marketing this oil because of peculiar physical properties.

Lumber trade associations.--An investigation of the activities of five large lumber trade associations bringing down to date the study made at the request of the Attorney General in 1919-20. This inquiry has been conducted in conjunction with the inquiry into open-price associations. The report of the commission's findings has not yet been published.

Resale price maintenance.--A further investigation into this subject was ordered by the commission on July 25, 1927. The study is being conducted from the point of view of its economic advantages or disadvantages to the manufacturer, distributor, and consumer, the effects on costs, profits, and prices, and the purpose and results of price cutting.

Blue-sky securities.--This inquiry, bringing down to date a previous inquiry of the commission on which no report had been published, is directed to the nature of the abuses in the sale of worthless securities, the present methods of controlling this evil, and the comparative advantages of State and Federal regulation.

Price bases.--An inquiry ordered by the commission into the various practices regarding price bases, namely, factory base, basing point base, and delivered base, with a view to determining the causes for the adoption of the several methods employed and the purposes intended to be served by them, and their actual or potential effects on prices and competitive conditions. This matter is still in course of investigation.

Du Pont investments.--The reported acquisitions of E. I. du Pont de Nemours & Co. of the stock of the United States Steel Corporation, together with the previously reported holdings in the General Motors Corporation, caused an inquiry into these relations with a view to ascertaining the real facts and their probable economic consequences. The report of the commission's findings has not yet been published.

EXHIBIT 11

SENATE, HOUSE, AND COMMISSION RESOLUTIONS UNDER WHICH THE COMMISSION MADE INVESTIGATION DURING FISCAL YEAR ENDING JUNE 30, 1928

SENATE RESOLUTION 329
(February 9, 1925)

Whereas it has been stated openly that an agreement exists between the American Tobacco Company and the Imperial Tobacco Company of Great Britain whereby the American Tobacco Company will sell no tobacco in Great Britain and the Imperial Tobacco Company will sell no tobacco in the United States; and

Whereas such an agreement gives the Imperial Tobacco Company a practical monopoly on certain types of tobacco grown in Virginia, North Carolina, and South Carolina and a special Interest in certain types of tobacco grown In Kentucky and purchased in the United States by the local resident agents of the Imperial Tobacco Company and processed In the United States in Its plants, and the same agreement gives the American Tobacco Company a special interest In other types grown in those States; and

Whereas the growers of leaf tobacco have formed great cooperative organizations, known at the Tobacco Growers' Cooperative Association, the Dark Tobacco Growers' Cooperative Association, the Burley Tobacco Growers' Cooperative Association, comprising an aggregate of more than two hundred and seventy thousand grower members for the cooperative marketing of the tobacco of their members ; and

Whereas such cooperative associations have been organized along lines encouraged by this Government and have been financed in part by the War Finance Corporation and the Intermediate credit banks; and

Whereas the American Tobacco Company and the Imperial Tobacco Company are opposed to the formation of cooperative marketing associations among tobacco growers and desire to destroy them, and have attempted to discourage members by purchasing leaf tobacco from nonmember growers at higher prices than tenders theretofore made by such cooperative associations, and have Induced and encouraged breaches of contracts between members and the cooperative associations contrary to the terms of the members' agreements with the associations; and

Whereas the said companies have practically boycotted the said cooperative associations and, by reason of their special interests in certain types, have caused great damage and harm to the cooperative associations; and

Whereas the aforesaid agreement stops competition between the said companies In the purchase from the growers of the types of tobacco used by the American Tobacco Company and the Imperial Tobacco Company and enables one company or the other to control the purchase and marketing of these types; and

Whereas acts on the part of these two companies cause leaf tobacco to be diverted from the cooperative associations to these companies, directly or indirectly, in spite of the contracts between the growers and the cooperative associations; and

Whereas such conduct on the part of such companies appears to be unfair practice In pursuance of an Illegal agreement to restrict and restrain competition and trade In leaf tobacco in interstate commerce : Now, therefore be it

Resolved, That the Federal Trade Commission be, and it is hereby, directed to Investigate and report to the President of the United States on or before July 1, 1925, the present degree of concentration and interrelation in the owner-

ship, control, direction, financing, and management through legal or equitable ownership of stocks, bonds, or other securities or instrumentalities, or through interlocking directorates or holding companies, or through agreements or through any other device or means whatsoever by the American Tobacco Company and the Imperial Tobacco Company; and also particularly to investigate the methods employed by these companies in their fight against cooperative marketing associations and any boycott thereof; and also particularly to investigate any agreements or arrangements made by said companies to embarrass or injure any such cooperative associations or to cause discouragement or breaches of contract between growers, members, and the said cooperative associations; and

Resolved further, That the President of the United States be, and he is hereby, requested to direct the Secretary of the Treasury to permit the said Federal Trade Commission in making such investigation to have access to all official reports and records in any or all of the bureaus of said Treasury Department; and whereas it has been alleged on the floor of the Senate during the course of a debate upon a bill relating to the disposition, operation, management, and control of the water-power and steam-power plant, with their incidental lands, equipment, fixtures, and properties, that a corporation known as the General Electric Company has acquired a monopoly or exercises a control in restraint of trade or commerce in violation of law of or over the production and distribution of electric energy and the manufacture, sale, and distribution of electrical equipment and apparatus: Therefore be it

Resolved further, That the Federal Trade Commission be, and it is hereby, directed to investigate and report to the Senate to what extent the said General Electric Company, or the stockholders or other security holders thereof, either directly or through subsidiary companies, stock ownership, or through other means or Instrumentalities, monopolize or control the production, generation, or transmission of electric energy or power, whether produced by steam, gas, or water power ; and to report to the Senate the manner in which the said General Electric Company has acquired and maintained such monopoly or exercises such control in restraint of trade or commerce and in violation of law.

The commission shall also ascertain and report what effort, if any, has been made by the said General Electric Company or other corporations, companies, organizations, or associations, or anyone In its behalf, or In behalf of any trade organization of which it is a member, through the expenditure of money or through the control of the avenues of publicity; to influence or control public opinion on the question of municipal or public ownership of the means by which power is developed and electric energy Is generated and distributed.

Resolved further, That the President of the United States be, and he is hereby, requested to direct the Secretary of the Treasury, under such rules and regulations as the Secretary of the Treasury may prescribe, to permit the said Federal Trade Commission to have access to official reports and records pertinent thereto In making such investigation.

SENATE RESOLUTION 31
(June 3, 1926)

Resolved,, That the Federal Trade Commission, be, and is hereby, directed to investigate and report to the Senate at the next Session of Congress :

First. The very material advances recently made in the price of crude oil, gasoline, kerosene, and other petroleum products and whether or not such price increases were arbitrarily made and unwarranted.

Second. Whether or not there has been any understanding or agreement between various oil

companies or manipulations thereby to raise or depress prices, or any conditions of ownership or control of oil properties or of refining and marketing facilities in the industry which prevent effective competition.

Third. The profits of the principal companies engaged in the producing, refining, and marketing of crude oil, gasoline kerosene, and other petroleum products during the years 1922; 1923, 1924, and 1925, and also such other matters as may have bearing upon the subjects covered by the provisions of this resolution.

SENATE RESOLUTION 304
(December 22, 1926)

Whereas it has become he usual practice of corporations in order to protect stockholders from the payment of income taxes, to declare stock dividends ; and

Whereas this procedure enables corporations to acquire competing plants, and in this way avoid the provisions of the antitrust laws and

Whereas in order to legislate upon the subject, the Senate should be fully informed as to the extent of this practice: Therefore be it

Resolved, That the Federal Trade Commission be, and it is hereby, directed to ascertain and report to the Senate, the names and the capitalization of corporations that have issued stock dividends, together with the amount of such stock dividends, since the decision of the Supreme Court holding that stock dividends were not taxable, and to ascertain and report the same information as to the same corporation for the same period of time prior to such decision.

SENATE RESOLUTION 163
(February 16, 1924)

Resolved, That the Federal Trade Commission be, and it is hereby, directed to investigate the production, distribution, transportation, and sale of flour and bread, including by-products, and report its findings in full to the Senate, showing the costs, prices, and profits at each stage of the process of production and distribution, from the time the wheat leaves the farm until the bread is delivered to the consumer ; the extent and methods of price fixing, price maintenance, and price discrimination ; the developments in the direction of monopoly and concentration of control in the milling and baking industries, and all evidence indicating the existence of agreements, conspiracies, or combinations in restraint of trade.

SENATE RESOLUTION 83
(February 15, 1928)

Resolved, That the Federal Trade Commission is hereby directed to inquire into and report to the Senate, by filing with the Secretary thereof, within each thirty days after the passage of this resolution and finally on the completion of the investigation (any such inquiry before the commission to be open to the public and due notice of the time and place of all hearings to be given by the commission and the stenographic report of the evidence taken by the commission to accompany the partial and final reports) upon: (1) The growth of the capital assets and capital liabilities of public utility corporations doing an interstate or international business supplying either electrical energy in the form of power or light, or both, however produced, or gas, natural or artificial, of corporations holding the stocks of two or more public utility corporations operating in different States, and of nonpublic utility corporations owned or controlled by such holding companies ; (2) the method of issuing, the price realized or value received, the commissions or bonuses paid or received, and other pertinent facts with respect to the various security issues of all classes of corporations herein named, including the bonds and other evidences of indebtedness thereof, as well as the stocks of the same; (3) the extent to which such holding companies or their stockholders control or are financially interested in financial, engineering, construction, and/or management corporations, and the relation, one to the other, of the classes of corporations last named the holding companies, and the public utility

corporations ; (4) the services furnished to such public utility corporations by such holding companies and/or their associated, affiliated, and/or subsidiary companies, the fees, commissions, bonuses, or other charges made therefor, and the earnings and expenses of such holding companies and their associated, affiliated, and/or subsidiary companies ; and (5) the value or detriment to the public of such holding companies owning the stock or otherwise controlling such public utility corporations immediately or remotely, with the extent of such ownership or

control, and particularly what legislation, if any, should be enacted by Congress to correct any abuses that may exist in the organization or operation of such holding companies

The commission is further empowered to inquire and report whether, and to what extent, such corporations or any of the officers thereof or any one in their behalf or In behalf of any organization of which any such corporation may be a member, through the expenditure of money or through the control of the avenues of publicity, have made any and what effort to influence or control public opinion on account of municipal or public ownership of the means by which power Is developed and electrical energy is generated and distributed, or since 1923 to influence or control elections: Provided, That the elections herein referred to shall be limited to the elections of President Vice President, and Members of the United States Senate.

The commission is hereby further directed to report particularly whether any of the practices heretofore in this resolution stated tend to create a monopoly or constitute violation of the Federal antitrust laws.

SENATE RESOLUTION 28
(March 17, 1925)

Whereas the Federal Trade Commission In Its annual report for 1922 states that at the request of the Joint Commission of Agricultural Inquiry the commission undertook a special investigation concerning the activities of trade associations and found by response to Its questionnaires that there were one hundred and fifty "open-price associations, or those distributing or exchanging price information"; and

Whereas the commission reported "Most of the open-price associations also distributed or exchanged Information on other features of business, such as orders received, purchases, productions, stocks, cost of production and merchandising, and matters of general interest to members"; and

Whereas such associations may exert a large influence in maintaining prices at an exorbitant' level, particularly in the case of manufacturing concerns the products of which are protected by a high tariff duty: Therefore be it

Resolved, That the Federal Trade Commission Is hereby directed to investigate and to report to the Senate at the next session of Congress:

First. The present number and nature of open-price associations, the names of such associations, the number of their members thereof, and the importance of such association in the industry.

Second. To what extent, if any, the effect of such open-price associations has been to maintain among members thereof uniform prices to wholesalers or retailers, or to secure uniform or approximately uniform Increases In such prices.

Third. Whether such open-price associations engage in other activities, and if so, the nature and effects thereof, with respect to alleged violations of the antitrust laws.

SENATE RESOLUTION 224
(May 12, 1928)

Whereas it Is estimated that from 1921 to 1927 the retail sales of all chain stores have increased from approximately 4 per centum to 10 per centum of all retail sales: and

Whereas there are estimated to be less than four thousand chain store systems with over one hundred thousand stores; and

Whereas many of these chains operate from one hundred to several thousand stores; and

Whereas there have been numerous consolidations of chain stores throughout the history of the movement, and particularly in the last few years; and

Whereas these chain stores now control a substantial proportion of the distribution of certain commodities in certain cities, are rapidly increasing this proportion of control in these and other cities, and are beginning to extend this system of merchandising into country districts as well; and

Whereas the continuance of the of chain-store distribution and the consolidation of such chain stores may result in the development of monopolistic organizations in certain lines of retail distribution; and

Whereas many of the concerns, though engaged in interstate commerce in buying may not be engaged In interstate commerce in selling; and

Whereas, in consequence the extent to which such consolidations are now, or should be made, amenable to the jurisdiction of the federal antitrust laws is a matter of serious concern to the public: Now, therefore be it

Resolved, That the Federal Trade Commission is hereby directed to undertake an inquiry into the chain store system of marketing and distribution as conducted by manufacturing wholesale retailing, or other types of chain stores and to ascertain and report to the Senate (1) the extent to which such consolidations have been effected in violation of the anti trust laws, if at all; (2) the extent to which consolidations or combinations of such organizations are susceptible to regulation under the Federal Trade Commission act or the antitrust laws, if at all ; and (3) what legislation, if any, should be enacted for the purpose of regulating and controlling chain-store distribution.

And for the information of the Senate in connection with the aforesaid subdivisions (1), (2), and (3) of this resolution the Commission Is directed to store into and report in full to the Senate (a) the extent to which the chain-store movement has tended to create a monopoly or concentration of control In the distribution of any commodity either locally or nationally ; (b) evidences Indicating the existence of unfair methods of competition in commerce or of agreements, conspiracies, or combinations in restraint of trade involving chain-store distribution ; (c) the advantages or disadvantages of chain-store distribution In comparison with those of other types of distribution as shown by prices, costs, profits, and margins, quality of goods and services rendered by chain stores and other distributors or resulting from integration, managerial efficiency, low overhead, or other similar causes ; (d) how far the rapid increase in the chain-store system of distribution Is based upon actual savings in cots of management and operation and how far upon quantity prices available only to chain-store distributors or any class of them; (e) whether or not such quality prices constitute a violation of either the Federal Trade Commission act, the Clayton Act, or any other statute and (f) what legislation, if any, should be enacted with reference to such quantity prices.

HOUSE RESOLUTION 439
(March 2, 1927)

Whereas the price paid the producers of cottonseed has been practically the same and uniform throughout the cotton-producing sections of the country during the harvesting period for several years ; and

Whereas it appears that those Industries engaged in purchasing and processing cottonseed are in agreement or combination on the prices to be paid the producers In restraint of trade: Therefore be it

Resolved, (1) That the Federal Trade Commission be, and It Is hereby, directed to Investigate the action Of those industries engaged in purchasing cottonseed for the purpose of, crushing cottonseed, and those industries engaged in refining and otherwise processing and marketing cottonseed, to ascertain if there be a combination, agreement, or association to fix prices of cottonseed or to violate any of the antitrust laws.

(2) The Federal Trade Commission shall make such Investigation as is hereby directed with

reasonable dispatch and report the result of their findings to the House of Representatives as soon as possible.

(3) Should it be determined that any persons, firms, corporations, or associations engaged Inn purchasing and processing cottonseed, maintain a monopoly in violation of law, or use unfair methods of competition in commerce, the Federal Trade Commission shall forthwith by appropriate action proceed for the punishment of such practices or violations of law in accordance with acts of Congress provided in such cases.

SENATE RESOLUTION 34
(March 13, 1925)

Whereas the successful development of cooperative organizations in production, distribution, and consumption, affords needed opportunities. for increasing the income of the producer, especially the farmer, ad for diminishing the cost of living of the consumer, and appears to be of great public benefit, as shown by the experiences of numerous foreign countries and

Whereas the President's agricultural conference recommends constructive Federal assistance in the development of producers' marketing organizations; and

Whereas complete and conclusive information with respect to the economic advantages or disadvantages of the cooperative movement in this country, as compared with other types of marketing farm products, has not been made available in comprehensive form ; and

Whereas It is frequently charged that various cooperative organizations of farmers engaged in marketing grain, tobacco, cotton, livestock, and other products, as well as consumers' cooperative purchasing organizations, are being discriminated against and injured by various corporations and trade associations, In alleged violation of the antitrust laws: Now, therefore, be it

Resolved, That the Federal Trade Commission is hereby directed to make an Inquiry (1) into the growth and importance of cooperative associations, including particularly the costs of marketing and distribution of such cooperatives as compared with the corresponding costs of other types of distributors; and (2) into the extent and importance of the interferences with aid obstructions to the formation and operation of cooperative organizers of producers, distributers, and consumers by any corporation or trade association, in alleged violation of the antitrust laws, and to report thereon with recommendations for legislation or other remedial action, if the same appears necessary.

RESOLUTION OF THE FEDERAL THE COMMISSION ORDERING AN INQUIRY INTO
RESALE PRICE MAINTENANCE

On July 25, 1927, the Federal Trade Commission adopted the following resolution:

"Whereas several bills providing for resale PRICE maintenance have been introduced in Congress since 1920, including the Merritt bill, Kelly bill, the Wyant bill, and the Williams bill ; and

"Whereas in 1916, on a referendum of the Chamber of Commerce of the United States, about 74 per cent of the votes cast were in favor of legislation permitting resale price maintenance ; and

"Whereas in 1926, on a similar referendum, about 54 per cent of the votes were in favor ; and

"Whereas this commission many years ago recommended that Congress enact legislation permitting resale price maintenance under certain conditions of governmental control ; and

"Whereas it seems probable that agitation for some legislation of this character will continue ; and

"Whereas there has been no thorough and comprehensive investigation of the economic advantages and disadvantages of such legislation: Therefore be it

"*Resolved*, That the chief economist of the commission be directed to inquire into the question of the maintenance of manufacturers' resale prices, both at wholesale and retail, and to report to the commission--

"1. The advantages and disadvantages of resale price maintenance (a) to competing manufacturers employing it and to other competing manufacturers, (b) to competing wholesalers and retailers employing it and to other competing wholesalers and retailers, (e) to the ultimate purchaser.

“2. The costs, profits, and margins of manufacturers and distributors and the prices to consumers on competing price maintained and nonprice maintained goods and particularly the relation of advertising expenses to such costs, profits, margins, and prices.

“3. The causes and motives for price cutting by distributors (a) in general; (b) below the total cost of the distributor; (c) below the purchase price paid by the distributor of goods; the Justification for such price cutting, if any; the

effect of price cutting on manufacturers, distributors, and consumers particularly with reference to: (a) How far, if at all, price cutting increases volume of business for a distributor and offsets the decreased profit per unit; (b) how far, if at all, price cutting has eliminated manufacturers and distributors from business; (c) the effect of price cutting by distributors on the prices, profits, and margins of manufacturers.

"4. The relation of the price maintenance, if any, to the multiplication of distributors, and, if such effect is found the relation of this multiplication to the cost of marketing

"5. Any other facts pertinent for the consideration of Congress with reference to legislation on this subject.

"6. The character of the legislation, if any, which should be recommended by the commission."

FEDERAL TRADE COMMISSION,

Washington, July 29, 1927.

Investigation of close financial T relationships alleged to exist between the United States Steel Corporation, the General Motors Corporation, and the E I. du Pont de Nemours Co. was authorized to-day by the Federal Trade Commission upon motion by Commissioner A. F. Myers.

Recently published financial reports were cited by the commission to show that the du Pont Co. has a large investment in the stock of the General Motors Corporation and the Steel Corporation, and that it expects to have a number of directors representing its interests elected to the board of the Steel Corporation and in other ways to develop a close corporate connection between the three companies.

Establishment of a community interest among these three corporations, reputed to be among the largest in the Nation, Is held by the commission to be a matter of public concern. In authorizing the Inquiry the commission calls attention to the act creating the Federal Trade Commission and giving it the power and authority to inquire into the organization, business conduct, practices, and management of corporations.

The resolution of the commission directs the chief economist to unmake an inquiry into the relationships, direct or indirect, tending to bring these three large corporations under a common ownership and control or management, with information as to the probable economic consequences of such community of interest.

The resolution adopted by the commission Is as follows:

"Whereas It appears from published financial reports of the E. I. du Pont de Nemours Co. that it has a large investment in the Stock of the General Motors Corporation; and

"Whereas it is currently reported in the press that the said du Pont Co. has recently acquired a large holding in the capital stock of the United States Steel Corporation, that it expects to have a number of directors representing Its interests elected to the board of the latter company and in other ways to develop a close corporate connection among them; and

"Whereas the establishment of a community of interest among these three corporations, which are reputed to be among the largest Industrial corporations In this country, Is a matter of public concern; and

"Whereas the act creating this commission authorizes it to Inquire Into the organization, business, conduct, practices, and management of the said corporations: Now, therefore, be It

"*Resolved*, That the chief economist, of this commission be directed to cause an inquiry to be made into the relationships. direct or indirect, among the United States Steel Corporation,

the General Motors Corporation. and the E I. du Pont de Nemours Co., tending to bring them or any other important industrial corporations under a common ownership, control, or management, with information as to the probable economic consequences of such community of interest, and to report the facts to this commission."

FEDERAL TRADE COMMISSION,

Washington, August 20, 1927.

Methods used in quoting and charging the prices the consuming public must pay for the necessaries of life will be the subject of a comprehensive survey by the Federal Trade Commission in the next few months, it was made known

to-day in connection with the publication for the first time of a resolution adopted by the commission and termed the "price bases resolution."

Three definite modes of quoting and charging prices with reference to locality of the purchaser will be studied and reported on by the economics staff of the commission. Three such systems of price fixing are mentioned by the commission as (1) the delivered price method, (2) the factory base methods, and (3) the basing-point method.

It is pointed out that numerous companies who distribute their. products in various States of the Union are quoting prices in which no allowance is made for difference In transportation costs in widely separated markets. This is called the delivered price method. Then other distributors employ the policy of quoting uniform prices at the factory, with freight charges added according to the locality of the consumer. This is termed "the factory base method." Still others follow the practice of adding to the market prices at a certain basing point the freight charges from that point to the locality of the consumer. This is the basing-point method.

STARTS FOUR INQUIRIES

It is expected that facts and data of lasting value to business and industry will be the result of the commission's inquiry into the various practices regarding price bases and that through this study of competitive conditions will develop new and constructive measures for obtaining greater efficiency and economy. The report also will from a basis for determining what are the fair practices in this regard.

This will be the fourth recent undertaking of Its kind by the commission on its own initiative for employing its corps of experts on problems Involving the welfare of the buying public.

The resolution is as follows:

"Whereas the economical distribution of commodities is one of the chief problems of the day; and

"Whereas the method of determining the prices (or the total cost to the purchaser) of commodities sold in the same or in different localities is an important factor In a sound system of distribution; and

"Whereas there are various systems and theories on which such prices are made and marked differences of opinion as to their expediency and fairness; and

"Whereas some distributors are employing the policy of national distribution with prices, particularly in different consuming territories, that make no allowance for difference In transportation costs, while others allege that there should be a delimitation of markets having respect to transportation expense: Now, therefore, be it.

Resolved, That the chief economist of the Federal Trade Commission is hereby directed to inquire into and report upon (1) the factory-base method, the basing-point method, and the delivered-price method of quoting and charging prices (including their respective variations), together with any other method of differentiating prices with respect to location; (2) the causes for the adoption of the several methods employed and the purposes intended to be served by them; (3) their actual and potential effects upon prices and competitive conditions; and (4) any constructive measures which might be employed to promote greater efficiency, economy, or fairness in the methods of quoting or charging prices."

CITES "PITTSBURGH PLUS"

Three years ago the commission, after taking 18,000 pages of testimony, completed its famous

“Pittsburgh plus” case, which illustrate concretely certain methods in price fixing. The large steel corporation involved was ordered to cease and desist from its “Pittsburgh plus” arrangement in quoting prices. Its Pittsburgh mill sold its products to fabricators and manufacturers in the Pittsburgh district at factory prices, but the same class of customers outside that district was charged, in addition to the Pittsburgh price at the factory, the freight charges from Pittsburgh to the outside point. But fabricators or manufacturers located in Chicago, who bought products from the same steel corporation’s Chicago factory, had to pay just the same price--that is, the Pittsburgh factory price plus the freight from Pittsburgh to Chicago. This illustrates the basing-point method.

The factory-base method may be illustrated by the practice of automobile concerns of selling their cars f. o. b. the factory--in other words, at the factory price plus, the freight from factory to locality of the purchaser.

The delivered-price method, in which a corporation delivers its products to customers in any part of the country at a given price without basing the price on the cost of transportation, may also be pictured by an example. The factory may, be in Baltimore, but a customer in Washington, 40 miles away, will pay the same price for goods delivered as will a consumer in Los Angeles, 3,000 miles distant. In such instances the company maintains its delivered price by charging each customer enough to remunerate itself in the total receipts for losses sustained through long freight shipments such as the one from Baltimore to Los Angeles. In effect, broadly speaking, the Washington man pays the freight for the Los Angeles customer.

FEDERAL TRADE COMMISSION,
Washington, August 12, 1927.

So-called "blue-sky" securities and other "wildcat" schemes for bleeding the people of their, money will be viewed through the investigating microscope of the Federal Trade Commission and will be made the subject of careful research and study in the economics laboratory of the commission, according to a resolution adopted by the commission and made public to-day.

The resolution provides that efforts be made to determine the extent to which "get-rich quick" frauds are practiced on the gullible portion of the buying public and to suggest remedies for the relief of the "blue-sky" menace through possible State and Federal legislation.

CITE " BLUE-SKY" CASKS

Eight current "blue-sky" cases now before the commission are listed by the commission as typical examples of the evil on which war has been declared. The entire eight have to do with alleged 4 wildcat" oil propositions promoted in Texas

The Federal Trade Commissions resolution"on the so-called "blue-sky" securities is" as follows:

"Whereas this commission has had frequent occasion to proceed against un fair methods of competition with respect to the sale of so-called "blue-sky" securities, and has found in that respect that present legislative, remedies are inadequate; and

"Whereas this commission formerly initiated a general inquiry into this subject with a view to constructive remedial proposals, but no report was published; and

"Whereas the practice of fraudulently selling worthless, securities is a great economic evil which should be remedied promptly if practicable: Now, therefore, be it

"Resolved, That the chief economist of this commission is hereby directed to inquire further into (1) the practice of selling blue-sky securities, (2) the legislative, administrative, and other methods employed to abate the evil and the results thereof, and (3) other matters covered by, the previous inquiry. in order to bring the same up to date, and to report thereon, to the commission without formulating conclusions of legislative policy but, instead, stating succinctly the arguments both for State and for Federal regulation and the forms which such regulation should take."

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