

COMPLAINT IN THE MATTER OF THE ALLEGED VIOLATION OF
SECTION 5 OF THE ACT OF CONGRESS APPROVED SEPTEMBER
26, 1914.

Docket No. 7.—July 14, 1917.

SYLLABUS.

Where a dealer in cleaning and sweeping devices—

- (a) represented to the public that it was a vacuum cleaner specialist or expert and impartial adviser, and solicited inquiries from the public concerning the merits of different types of cleaners, the fact being that it was especially interested in the sale of two such cleaners, and that it invariably recommended one of the cleaners in which it was interested and frequently disparaged competitive devices;
- (b) tampered with and knowingly used for demonstration purposes improperly adjusted competitive cleaners, but properly adjusted the cleaners in which it was interested;
- (c) made false and injurious statements to prospective customers concerning the material of which competitive cleaners were constructed and concerning the reliability and financial condition of manufacturers of competitive cleaners;
- (d) so advertised annual and special sales of cleaners as to convey the impression of an unusual or especially advantageous offer, the fact being that its prices during such sales were the same as those obtaining at other times;
- (e) falsely represented its method of purchasing certain nonrecommended cleaners and its consequent ability to sell them at very low prices, for the purpose of securing the names of prospective purchasers of cleaners, disparaging such nonrecommended cleaners, and recommending cleaners in which it was especially interested; and
- (f) so advertised the cleaner especially made for it as to convey to the public the false impression that it was being offered at less than the regular price;

Held, That such acts constituted unfair methods of competition, in violation of section 5 of the act of September 26, 1914.

COMPLAINT.

The Federal Trade Commission having reason to believe from a preliminary investigation made by it that the Muenzen Specialty Co., hereinafter referred to as respondent, has been during the two years last past and now is using unfair methods of competition in interstate commerce in violation of the provisions of section 5 of the act of Congress approved September 26, 1914, entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," and it appearing that a proceeding by it in respect thereof would be to the interest of the public, issues this complaint, stating its charges in that respect on information and belief as follows:

PARAGRAPH 1. That the respondent, Muenzen Specialty Co., is a corporation organized and existing under and by virtue of the laws of the State of New York, having its principal office and place of business at the city of New York, in said State, and is now and was at all times hereinafter mentioned engaged in selling in interstate commerce hand and electric vacuum and suction cleaners and sweepers and other cleaning and sweeping devices.

PAR. 2. That said devices are sold and distributed by respondent in interstate commerce to many customers in various States in direct competition with manufacturers and dealers in such commerce in similar devices.

PAR. 3. That the respondent, by extensive advertising in publications circulated in interstate commerce and by correspondence with numerous customers and prospective purchasers in various States, holds itself out to the public as a vacuum-cleaner specialist or expert and impartial adviser, stating that it does not manufacture any vacuum cleaners and is not especially interested in any one kind of cleaner, and as such impartial adviser solicits inquiries from said prospective purchasers and the public concerning the merits of various types of cleaners, and invariably recommends the Imperial electric vacuum cleaner or the Eureka electric vacuum cleaner, and frequently disparages competitive devices, whereas in fact the respondent is not an impartial adviser, but, on the contrary, is especially interested in the sale of the said Imperial and Eureka cleaners by reason of

the fact that the said Imperial cleaner is manufactured especially for the Muenzen Specialty Co., and said company is an agent for the sale of the said Eureka cleaner, and the further fact that the amount of profit on said Imperial cleaner is considerably greater than the profit made on the sale of the majority of the other types of cleaners so advertised by the respondent.

PAR. 4. That the respondent, by extensive advertising in publications, circulated in interstate commerce, and by correspondence with numerous customers and prospective customers in various States, holds itself out as a vacuum-cleaner specialist or expert and impartial adviser, and as such has demonstrated to prospective customers vacuum sweepers and cleaners produced by various manufacturers, for the purpose of comparing the results obtained by such sweepers and cleaners with the results obtained by cleaners in the sale of which respondent is especially interested; and for the purpose of making such demonstrations has tampered with and failed to properly adjust such competitive cleaners, while properly adjusting the cleaners in which it is interested, thus giving prospective customers the impression that such competitive cleaners are less efficient than they are in fact, or that they are not adapted for the use for which they are intended to be put by such prospective purchasers, thus facilitating the sale of the cleaners in which respondent is especially interested.

PAR. 5. That the respondent has made false and injurious statements to prospective customers concerning the material of which certain competitive cleaners are constructed and the cost of production of said cleaners, for the purpose of facilitating the sale of cleaners in which respondent is especially interested.

PAR. 6. That the respondent, by advertisements extensively circulated in interstate commerce, has advised prospective purchasers to consider the financial condition of manufacturers of vacuum cleaners before purchasing, impressing upon them the difficulty or impossibility of securing repair parts in the event of the failure of such manufacturers, and has made statements to such prospective purchasers concerning the reliability and financial condition of various manu-

facturers, which statements were untrue in fact and calculated to prevent the sale of cleaners produced by said manufacturers, and to facilitate the sale of cleaners in which the respondent is especially interested.

PAR. 7. That the respondent, in publications extensively circulated in interstate commerce, has advertised annual and special sales of vacuum and suction cleaners and sweepers in such a manner as to convey to the public the impression of an unusual or especially advantageous offer for a limited period, whereas in fact the prices during such annual and special sales were no different than the prices obtained before and after such sales.

PAR. 8. That the respondent, by extensive advertising in publications circulated in interstate commerce, and by correspondence with numerous customers and prospective customers in various States, has conveyed the impression that the reason for the low prices so advertised is the fact that said respondent purchases in large quantities for cash and sells directly to consumers; whereas in fact the large majority of the sweepers and cleaners so advertised are not purchased in large quantities, but on the contrary are sold only when customers insist upon purchasing them instead of said Imperial or Eureka cleaners recommended by the respondent, and the true reason for advertising nonrecommended cleaners at greatly reduced prices is not to supply the demand thus created for such cleaners, but to secure the names and addresses of prospective users of such cleaners, and, as a vacuum-cleaner expert and alleged impartial adviser, to disparage and express unfavorable opinions of such cleaners, and highly recommend the cleaners in the sale of which the respondent is interested, and to thereby effect the sale of said recommended cleaners.

PAR. 9. That the respondent, in publications extensively circulated in interstate commerce, has continuously advertised in such a manner as to convey to the public the impression that the regular price of the said Imperial cleaner is higher than the advertised price, whereas in fact the advertised price is no lower than that usually obtained by the respondent, which controls the sale of said cleaner.

REPORT, FINDINGS AS TO THE FACTS, AND ORDER.

The Federal Trade Commission having issued and served its complaint herein, wherein it alleged that it had reason to believe that the above-named respondent, Muenzen Specialty Co., has been during the two years last past, and now is, using unfair methods of competition in interstate commerce in violation of the provisions of section 5 of the act of Congress approved September 26, 1914, entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," and fully stating its charges in that respect, and the said respondent having made and filed its answer to said complaint, wherein it admitted all of the charges therein set forth, now on this 14th day of July, 1917, on said complaint and answer thereto, the Commission makes its report and findings as to the facts and conclusions.

FINDINGS AS TO THE FACTS.

(1) That the respondent, Muenzen Specialty Co., is a corporation organized and existing under and by virtue of the laws of the State of New York, having its principal office and place of business at the city of New York, in said State, and is now and was at all times hereinafter mentioned engaged in selling in interstate commerce hand and electric vacuum and suction cleaners and sweepers and other cleaning and sweeping devices.

(2) That said devices are sold and distributed by respondent in interstate commerce to many customers in various States in direct competition with manufacturers and dealers in such commerce in similar devices.

(3) That the respondent, by extensive advertising in publications circulated in interstate commerce and by correspondence with numerous customers and prospective purchasers in various States, holds itself out to the public as a vacuum-cleaner specialist or expert and impartial adviser, stating that it does not manufacture any vacuum cleaners and is not especially interested in any one kind of cleaner, and as such impartial adviser solicits inquiries from said prospective purchasers and the public concerning the merits

of various types of cleaners, and invariably recommends the Imperial electric vacuum cleaner or the Eureka electric vacuum cleaner and frequently disparages competitive devices, whereas in fact the respondent is not an impartial adviser, but, on the contrary, is especially interested in the sale of the said Imperial and Eureka cleaners by reason of the fact that the said Imperial cleaner is manufactured especially for the Muenzen Specialty Co., and said company is an agent for the sale of the said Eureka cleaner, and the further fact that the amount of profit on said Imperial cleaner is considerably greater than the profit made on the sale of the majority of the other types of cleaners so advertised by the respondent.

(4) That the respondent, by extensive advertising in publications, circulated in interstate commerce, and by correspondence with numerous customers and prospective customers in various States, holds itself out as a vacuum-cleaner specialist or expert and impartial adviser, and as such has demonstrated to prospective customers vacuum sweepers and cleaners produced by various manufacturers, for the purpose of comparing the results obtained by such sweepers and cleaners with the results obtained by cleaners in the sale of which respondent is especially interested; and for the purpose of making such demonstrations has tampered with and failed to properly adjust such competitive cleaners while properly adjusting the cleaners in which it is interested, thus giving prospective customers the impression that such competitive cleaners are less efficient than they are in fact, or that they are not adapted for the use for which they are intended to be put by such prospective purchasers, thus facilitating the sale of the cleaners in which respondent is especially interested.

(5) That the respondent has made false and injurious statements to prospective customers concerning the material of which certain competitive cleaners are constructed and the cost of production of said cleaners, for the purpose of facilitating the sale of cleaners in which respondent is especially interested.

(6) That the respondent, by advertisements extensively circulated in interstate commerce, has advised prospective purchasers to consider the financial condition of manufacturers of vacuum cleaners before purchasing, impressing

upon them the difficulty or impossibility of securing repair parts in the event of the failure of such manufacturers and has made statements to such prospective purchasers concerning the reliability and financial condition of various manufacturers; which statements were untrue in fact and calculated to prevent the sale of cleaners produced by said manufacturers, and to facilitate the sale of cleaners in which the respondent is specially interested.

(7) That the respondent, in publications extensively circulated in interstate commerce, has advertised annual and special sales of vacuum and suction cleaners and sweepers, in such a manner as to convey to the public the impression of an unusual or especially advantageous offer for a limited period, whereas in fact the prices during such annual and special sales were no different than the prices obtained before and after such sales.

(8) That the respondent, by extensive advertising in publications circulated in interstate commerce and by correspondence with numerous customers and prospective customers in various States, has conveyed the impression that the reason for the low prices so advertised is the fact that said respondent purchases in large quantities for cash and sells directly to consumers; whereas in fact the large majority of the sweepers and cleaners so advertised are not purchased in large quantities, but, on the contrary, are sold only when customers insist upon purchasing them instead of said Imperial or Eureka cleaners recommended by the respondent, and the true reason for advertising nonrecommended cleaners at greatly reduced prices is not to supply the demand thus created for such cleaners, but to secure the names and addresses of prospective users of such cleaners, and as a vacuum-cleaner expert and alleged impartial adviser to disparage and express unfavorable opinions of such cleaners, and highly recommend the cleaners in the sale of which the respondent is interested, and to thereby effect the sale of said recommended cleaners.

(9) That the respondent, in publications extensively circulated in interstate commerce, has continuously advertised in such a manner as to convey to the public the impression that the regular price of the said Imperial cleaner is higher than

the advertised price, whereas in fact the advertised price is no lower than that usually obtained by the respondent which controls the sale of said cleaner.

CONCLUSIONS.

That the methods of competition set forth in the foregoing findings as to the facts, and each and all of them, are, under the circumstances therein set forth, unfair methods of competition in interstate commerce, in violation of the provisions of section 5 of the act of Congress approved September 26, 1914, entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes."

ORDER TO CEASE AND DESIST.

The Federal Trade Commission having issued and served its complaint herein, and the respondent, Muenzen Specialty Co., having made and filed its answer to said complaint, wherein it admitted all of the charges therein set forth, and the Commission on the date hereof having made and filed a report containing its findings as to the facts and its conclusions that the respondent has violated section 5 of the act of Congress approved September 26, 1914, entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," which said report is hereby referred to and made a part hereof: Therefore

It is ordered, That the respondent, Muenzen Specialty Co., cease and desist from—

(1) Representing to the public, directly or indirectly, that it is an impartial adviser and not especially interested in any one kind of cleaner, so long as it is especially interested in the sale of the Imperial electric vacuum cleaner, the Eureka electric vacuum cleaner, or any other sweeping or cleaning device, by reason of the fact that any such devices are manufactured especially for respondent, or that it is an agent for the sale of any such devices, unless special interest is fully disclosed at the time such representations are made.

(2) Tampering with competitive cleaners used in demonstrations or demonstrating with sweepers or cleaners not properly adjusted.

(3) Making false and injurious statements to prospective customers concerning the material of which competitive cleaners are constructed or concerning the cost of production of such competitive cleaners.

(4) Making false statements to prospective customers concerning the reliability or financial condition of manufacturers of vacuum cleaners calculated to prevent the sale of cleaners produced by said manufacturers.

(5) Advertising annual or special sales of vacuum and suction sweepers and cleaners in such a manner as to convey to the public the impression of an unusual or especially advantageous offer for a limited period, when in fact the prices during such sales are no different than the prices obtained before or after such sales.

(6) Falsely representing or conveying the false impression that respondent purchases vacuum sweepers and cleaners in large quantities for cash and is thereby enabled to sell them at the prices at which they are offered.

(7) Representing or conveying to the public the impression that the regular price of the Imperial electric vacuum cleaner is higher than the advertised price, when in fact the advertised price is no lower than that usually obtained by the respondents for said cleaner.

Provided, That the respondent, the Muenzen Specialty Co., is hereby granted not to exceed 60 days from the date hereof within which to make such changes in its advertising as will enable it to fully comply with this order.

FEDERAL TRADE COMMISSION

v.

BUREAU OF STATISTICS OF THE BOOK PAPER
MANUFACTURERS, CHARLES F. MOORE, SEC-
RETARY OF THE BUREAU OF STATISTICS,
ET AL.

COMPLAINT IN THE MATTER OF THE ALLEGED VIOLATION OF
SECTION 5 OF THE ACT OF CONGRESS APPROVED SEPTEMBER 26,
1914.

Docket No. 17.—November 8, 1917.

SYLLABUS.

Where the members of an unincorporated association engaged in the manufacture and sale of by far the greater portion of the book-

print paper manufactured, sold, and used in the United States, engaged in a concerted movement for the purpose of (1) enhancing the prices of book-print paper, (2) maintaining such enhanced prices, (3) bringing about substantial uniformity in such prices:

Ordered, That the voluntary dissolution of said association be approved, that said association and the secretary and members thereof cease and desist from maintaining such organization and from carrying out the purposes thereof, and that the secretary of said association cease and desist from continuing the same or from creating, managing, conducting, working for, or becoming connected in any capacity with any other bureau or organization having similar objects.

COMPLAINT.

The Federal Trade Commission having reason to believe, from a preliminary investigation made by it, that the bureau of statistics of the Book Paper Manufacturers; Chas. F. Moore, secretary of the Bureau of Statistics; American Writing Paper Co.; Dill & Collins Co.; Diana Paper Co.; New York & Pennsylvania Co.; M. & W. H. Nixon Paper Co.; Oxford Paper Co.; Ticonderoga Pulp & Paper Co.; Tileston & Hollingsworth Co.; Wanaque River Paper Co.; S. D. Warren & Co.; West Virginia Pulp & Paper Co.; Bardeen Paper Co.; Bergstrom Paper Co.; Bryant Paper Co.; Champion Coated Paper Co.; Everett Pulp & Paper Co.; Kimberly-Clark Co.; King Paper Co.; Lakeside Paper Co.; Mead Pulp & Paper Co.; Miami Paper Co.; Monarch Paper Co.; and Rex Paper Co., all of whom are hereinafter referred to as respondents, have been and are using unfair methods of competition in interstate commerce, in violation of the provisions of section 5 of the act of Congress approved September 26, 1914, entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," and it appearing that a proceeding by it in respect thereof would be to the interest of the public issues this complaint, stating its charges in that respect, on information and belief, as follows:

1. That all of the said respondents, except the Bureau of Statistics, Charles F. Moore, secretary of the Bureau of Statistics, and S. D. Warren & Co., are corporations organized and existing under and by virtue of the laws of their respec-

tive States and having their principal offices and places of business as hereinafter designated:

Name.	Organized under the laws of—	Principal office at—
American Writing Paper Co.....	Massachusetts.....	Holyoke, Mass.
DPI & Collins Co.....	Pennsylvania.....	Philadelphia, Pa.
Diana Paper Co.....	New York.....	Harrisville, N. Y.
New York & Pennsylvania Co.....	Pennsylvania.....	200 Fifth Avenue, New York City.
M. & W. H. Nixon Paper Co.....	do.....	Manayunk, Philadelphia, Pa.
Oxford Paper Co.....	Maine.....	200 Fifth Avenue, New York City.
Ticonderoga Pulp & Paper Co.....	New York.....	do.
Tilston & Hollingsworth Co.....	Massachusetts.....	Boston, Mass.
Wanaque River Paper Co.....	New Jersey.....	Wanaque N. J.
West Virginia Pulp & Paper Co.....	Delaware.....	200 Fifth Avenue, New York City.
Bardeen Paper Co.....	Michigan.....	Otsego, Mich.
Bergstrom Paper Co.....	Wisconsin.....	Neenah, Wis.
Bryant Paper Co.....	Michigan.....	Kalamazoo, Mich.
Champion Coated Paper Co.....	Ohio.....	Hamilton, Ohio.
Everett Pulp & Paper Co.....	Washington.....	Everett, Wash.
Kimberly-Clark Co.....	Wisconsin.....	Neenah, Wis.
King Paper Co.....	Michigan.....	Kalamazoo, Mich.
Lakeside Paper Co.....	Wisconsin.....	Neenah, Wis.
Mead Pulp & Paper Co.....	Ohio.....	Dayton, Ohio.
Miami Paper Co.....	do.....	West Carrollton, Ohio.
Monarch Paper Co.....	Michigan.....	Kalamazoo, Mich.
Rex Paper Co.....	do.....	do.
B. D. Warren & Co., partnership composed of Samuel D. Warren, Roger D. Smith, Herbert Mason, and ——— Nye, doing business under the firm name and style of S. D. Warren & Co.	do.....	Boston, Mass.

2. That respondent, Charles F. Moore, is secretary of an unincorporated association, without capital stock, organized for the profit of its members, known as the Bureau of Statistics of the Book Paper Manufacturers, composed of the various corporations and partnership respondents, and having its principal office at the Vanderbilt Hotel, New York City.

3. That the several corporations and partnership respondents, members of said Bureau of Statistics, are now and at all times hereinafter mentioned have been engaged generally in manufacturing and selling book-print paper in commerce among the several States and Territories of the United States. That the book-print paper industry is a large and important one, with annual sales in excess of \$70,000,000 per annum.

4. That in the aggregate said respondents manufacture, sell, and control by far the greater portion of the entire book-print paper manufactured, sold, and used in the United States.

5. That said respondents through said Bureau of Statistics and particularly through its secretary, Charles F. Moore, are now and for about two years last past have been engaged in a concerted movement unduly to enhance the prices of book-print paper and to maintain said enhanced prices and to bring about a substantial uniformity of such prices, due allowance being made for grades, brands, etc. As a result of such activities prices of book-print paper in the United States have been unduly enhanced, and such enhanced prices are being maintained. Such enhancement and substantial uniformity of prices have been effected and are being maintained through the medium of telephone communications, by correspondence, and by personal meetings between the secretary and various respondent members of said Bureau of Statistics, and by like communications between various members thereof, and by such communications between members and others engaged in the book-print paper industry.

REPORT, STIPULATIONS, AND ORDER.

Pursuant to adjournment, on this 8th day of November, 1917, the above cause came on before the Commission for further proceedings, at which William T. Chantland, trial counsel for the Commission, presented to the Commission identical stipulations of each of the several respondents duly signed under proper authority of record by the counsel for each of the several respondents or by the several respondents in person.

STIPULATIONS.

The identical stipulation signed and agreed to by each of the remaining respondents, to wit, Bureau of Statistics of the Book Paper Manufacturers, Charles F. Moore, secretary of the Bureau of Statistics, American Writing Paper Co., Dill & Collins Co., Diana Paper Co., New York & Pennsylvania Co., Martin & Wm. H. Nixon Paper Co., Oxford Paper Co., Ticonderoga Pulp & Paper Co., Tileston & Hollingsworth Co., Wanaque River Paper Co., S. D. Warren & Co., West Virginia Pulp & Paper Co., Bergstrom Paper Co., Bryant Paper Co., Champion Coated Paper Co., Everett Pulp & Paper Co., Kimberly-Clark Co., King Paper Co., Lakeside

Paper Co., Mead Pulp & Paper Co., Miami Paper Co., Monarch Paper Co., Rex Paper Co., is in language as follows:

It is hereby stipulated and agreed, subject to the approval of the Federal Trade Commission, by and between the trial counsel representing the Federal Trade Commission and the several respondents represented by their counsel of record signatory hereto, that the Federal Trade Commission shall enter the following order disposing of this complaint:

"It is hereby ordered by the Federal Trade Commission

"(I) That the dissolution of the Bureau of Statistics of the Book Paper Manufacturers, as set forth in the answers and amended answers in this complaint, be and the same is hereby approved;

"(II) That each and all of the respondents signatory hereto [here insert in the order itself the names of the stipulating respondents in the formal order when made and entered of record] shall forever cease and desist from continuing their respective memberships in the said Bureau of Statistics of the Book Paper Manufacturers, or from reorganizing the said bureau, and shall not create or join or become members of any such bureau or similar organization having for its purpose the objects, or any of them, charged in the complaint of this case as having been the object of the said Bureau of Statistics, and shall forever cease and desist from carrying on such activities as are charged in the complaint to have been carried on by the said bureau, and from engaging in any concerted movement (1) to enhance prices of book-print paper, or (2) to maintain such enhanced prices, or (3) to bring about substantial uniformity of such prices, or (4) to effect or maintain such enhancement or such uniformity of prices through the medium of telephone communication, or by correspondence, or by personal meetings, or through other communications, or in any other manner whatsoever.

"(III) That the respondent Charles F. Moore be, and is hereby, ordered to forever cease and desist from continuing said Bureau of Statistics of the Book Paper Manufacturers, or from reorganizing such bureau, or from creating, managing, conducting, working for or becoming connected in any capacity with any other bureau or similar organization having for its purpose the objects charged in the complaint as having been the objects of said Bureau of Statistics, or similar objects, and from being connected with or assisting in any concerted movement to enhance prices of book print paper or maintain such enhanced prices or to bring about substantial uniformity of such prices or from aiding and assisting in any capacity in effecting or maintaining such enhancement or such uniformity of prices through the medium of telephone communication or by correspondence or by personal meetings or through other communications or in any other manner whatsoever."

Whereupon, upon the pleadings and the stipulations agreed to and signed by the several respondents, on motion duly made

and carried the stipulations were approved and the following order disposing of said complaint as to each of said stipulating respondents was made and entered:

ORDER TO CEASE AND DESIST.

It is hereby ordered by the Federal Trade Commission—

(I) That the dissolution of the Bureau of Statistics of the Book Paper Manufacturers, as set forth in the answers and amended answers in this complaint, be, and the same is hereby, approved.

(II) That each and all of the respondents signatory hereto, to wit, Bureau of Statistics of the Book Paper Manufacturers, Charles F. Moore, secretary of the Bureau of Statistics, American Writing Paper Co., Dill & Collins Co., Diana Paper Co., New York & Pennsylvania Co., Martin & Wm. H. Nixon Paper Co., Oxford Paper Co., Ticonderoga Pulp & Paper Co., Tileston & Hollingsworth Co., Wanaque River Paper Co., S. D. Warren & Co., West Virginia Pulp & Paper Co., Bergstrom Paper Co., Bryant Paper Co., Champion Coated Paper Co., Everett Pulp & Paper Co., Kimberly-Clark Co., King Paper Co., Lakeside Paper Co., Mead Pulp & Paper Co., Miami Paper Co., Monarch Paper Co., Rex Paper Co., shall forever cease and desist from continuing their respective memberships in the said Bureau of Statistics of the Book Paper Manufacturers, or from reorganizing the said bureau, and shall not create or join or become members of any such bureau or similar organization having for its purpose the objects, or any of them, charged in the complaint of this case as having been the object of the said Bureau of Statistics, and shall forever cease and desist from carrying on such activities as are charged in the complaint to have been carried on by the said bureau, and from engaging in any concerted movement (1) to enhance prices of book-print paper, or (2) to maintain such enhanced prices, or (3) to bring about substantial uniformity of such prices, or (4) to effect or maintain such enhancement or such uniformity of prices through the medium of telephone communication, or by correspondence, or by personal meetings, or through other communications, or in any other manner whatsoever.

(III) That the respondent, Charles F. Moore, be, and is hereby, ordered to forever cease and desist from continuing

said Bureau of Statistics of the Book Paper Manufacturers, or from reorganizing such bureau, or from creating, managing, conducting, working for or becoming connected in any capacity with any other bureau or similar organization having for its purpose the objects charged in the complaint as having been the objects of said Bureau of Statistics, or similar objects, and from being connected with or assisting in any concerted movement to enhance prices of book-print paper, or maintain such enhanced prices, or to bring about substantial uniformity of such prices, or from aiding and assisting in any capacity in effecting or maintaining such enhancement, or such uniformity of prices through the medium of telephone communications, or by correspondence, or by personal meetings, or through other communications, or in any other manner whatsoever.

FEDERAL TRADE COMMISSION *v.* NATIONAL BINDING MACHINE CO.

COMPLAINT IN THE MATTER OF THE ALLEGED VIOLATION OF SECTION 5 OF THE ACT OF CONGRESS APPROVED SEPTEMBER 26, 1914, AND OF THE VIOLATION OF SECTION 3 OF THE ACT OF CONGRESS APPROVED OCTOBER 15, 1914.

Docket No. 10.—December 31, 1917.

SYLLABUS.

Where a manufacturer of gummed-tape moistening machines, also dealing in gummed sealing tape for use in such machines,

I.

- (a) purchased gummed sealing tape from manufacturers thereof, upon the condition, agreement, or understanding that they should not sell the same to any of its competitors;
- (b) proposed to other manufacturers of gummed sealing tape to enter into similar agreements, understandings, or contracts;
- (c) interfered with customers of its competitors and endeavored to coerce them into ceasing to purchase such tape from its competitors and into purchasing the same exclusively from it, by threatening to institute and prosecute against them suits for the alleged infringement of certain patents claimed to be owned by it, such threats not being made in good faith, intending to bring such suits, but for the purpose of injuring competitors, by intimidating, coercing, and driving away their customers;
- (d) exacted, signed, and entered into, "license agreements" with owners and users of competing tape-moistening machines, whereby

such owners were permitted to continue the use thereof only upon the condition that they purchased their supply of gummed sealing tape exclusively from it;

- (e) advertised that it would institute suit for infringement of its patents against all who applied gummed sealing tape by means of its competitors' machines, such threats not being made in good faith, intending to bring such suits, but for the purpose of injuring competitors by intimidating, coercing, and driving away their customers;

Held, That the acts described constituted unfair methods of competition in violation of section 5 of the act of September 26, 1914;

II.

- (f) leased gummed-tape moistening machines on the condition, agreement, or understanding that the lessees should use said machines only with its gummed sealing tape and not with the tape of its competitors, and required the performance of such conditions, agreements, or understandings by the lessees, with the effect that competition in the manufacture and sale of gummed sealing tape had been and might be substantially lessened;

Held, That such leases, under the circumstances set forth, constituted violations of section 3 of the act of October 15, 1914.

COMPLAINT.

The Federal Trade Commission having reason to believe, from a preliminary investigation made, that the National Binding Machine Co., hereinafter referred to as the respondent, has been and is using unfair methods of competition in interstate commerce in violation of the provisions of section 5 of the act of Congress approved September 26, 1914, entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," and it appearing that a proceeding by it in respect thereof would be to the interest of the public, issues this complaint, stating its charges in that respect, on information and belief, as follows:

I.

PARAGRAPH 1. That the respondent, the National Binding Machine Co., is a corporation organized and existing under and by virtue of the laws of the State of New York, having its principal office and place of business at the city of New York, in said State, and is now, and was at all the times here-

inafter mentioned, engaged in manufacturing, selling, and leasing, in interstate commerce, a patented gummed-tape moistening machine called a "strip serving" or "binding" machine, known to the trade as "the National Binding Machine," and hereinafter so called, devised and used for moistening gummed sealing tape for use in sealing packages of goods, wares, and merchandise; also in buying and selling, in interstate commerce, large quantities of gummed sealing tape.

PAR. 2. That the Nashua Gummed & Coated Paper Co., of Nashua, N. H., and the Ideal Coated Paper Co., of Brookfield, Mass., are large manufacturers of gummed sealing tape, and that respondent, with the effect of stifling and suppressing competition in interstate commerce in the sale and distribution of such tape, is now purchasing, and for some time past has purchased, gummed sealing tape from said manufacturers in large quantities, upon the agreement, understanding, or condition that the said manufacturers shall not sell gummed sealing tape to any competitor or competitors of respondent; and that with the intent and purpose of stifling and suppressing competition in interstate commerce said respondent has at numerous times and places proposed to other manufacturers of gummed sealing tape to enter into similar agreements, understandings, or contracts with it.

PAR. 3. That said respondent has, from time to time, interfered, and still continues to interfere, with customers of its competitors who use sealing-tape moistening machines other than National Binding Machine, and has endeavored, and continues to endeavor, to coerce them into ceasing to purchase their supply of gummed sealing tape from its competitors and into purchasing the same exclusively from it, by threatening, in case of their failure to do so, and because of such failure, to institute and prosecute suits against them for the alleged infringement of certain patents on said National Binding Machine claimed to be owned by it, and that such threats are not made in good faith, for the purpose of protecting respondent's rights under said patents, but for the purpose of intimidating the customers of competing manufacturers and of injuring competitors by unfairly intimidating, coercing, and driving away their customers.

PAR. 4. That respondent has, from time to time, exacted, signed, and entered into, and still continues to exact, sign, and enter into so-called "license agreements" with the owners and users of tape-moistening machines other than the National Binding Machine, by the terms of which "license agreements" said owners and users of tape-moistening machines other than the National Binding Machine are permitted to continue their use only upon the condition that they shall purchase their supply of gummed sealing tape from the respondents.

PAR. 5. That with the purpose and intent of preventing users of gummed tape from buying it from respondent's competitors, respondent has, from time to time, widely advertised, and still continues so to advertise, by means of circulars to the trade and otherwise, that it will institute suits for infringement of its patents on the National Binding Machine, against all users of gummed sealing tape who apply the same by means of some tape-moistening machine other than the National Binding Machine; and that such threats are not made in good faith, for the purpose of protecting respondent's rights under its patents, but for the purpose of intimidating the customers of competing manufacturers and of injuring competitors by unfairly intimidating, coercing, and driving away their customers.

PAR. 6. That by reason of the unfair methods of competition in commerce above set forth other manufacturers of, and dealers in, gummed sealing tape have been, and are being, injured in their business.

II.

And the Federal Trade Commission, having reason to believe, from a preliminary investigation made, that the National Binding Machine Co., hereinafter referred to as the respondent, has violated, and is violating, the provisions of section 3 of the act of Congress approved October 15, 1914, entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," further complains against respondent, stating its charges in that respect, on information and belief, as follows:

PARAGRAPH 1. That the respondent, the National Binding Machine Co., is a corporation organized and existing under

and by virtue of the laws of the State of New York, having its principal office and place of business at the city of New York, in said State, and is now, and was at all the times hereinafter mentioned, engaged in manufacturing, selling, and leasing, in interstate commerce, a patented gummed-tape moistening machine, called a "strip serving" or "binding" machine, known to the trade as the "National Binding Machine," and hereinafter so called, devised and used for moistening gummed sealing tape for use in sealing package of goods, wares, and merchandise; also in buying and selling, in interstate commerce, large quantities of gummed sealing tape.

PAR. 2. That the respondent, for several years last past, in the course of interstate commerce, has sold and made contracts for sale, and is now selling and making contracts for sale, of large quantities of gummed sealing tape for use, consumption, or resale within the United States, and has fixed, and is now fixing, a price charged therefor, on the condition, agreement, or understanding that the purchasers thereof shall not use or deal in the gummed sealing tape, or other commodities, of a competitor or competitors of respondent; and that the effect of such sales or contracts for sale, conditions, agreements, or understandings, may be, and is, to substantially lessen competition and to tend to create a monopoly in the gummed sealing tape industry.

PAR. 3. That for several years immediately prior to October 15, 1914, respondent, in the course of interstate commerce, generally engaged in the practice of leasing, for use within the United States, large numbers of said National Binding Machines, and fixed a price charged therefor, on the condition, agreement, or understanding that the lessee might use said machine only with the gummed sealing tape of respondent, or purchased of the respondent, and that the lessee should not use with or upon said machines the gummed sealing tape of a competitor or competitors of respondent; that ever since the leasing of said machines, as aforesaid, respondent has been, and now is, requiring the performance by the lessee of the condition, agreement, or understanding on which said leases were so made; and that the effect of such leases and of such conditions, agreements, or understandings,

and of the enforcement thereof, may be, and is, to substantially lessen competition and to tend to create a monopoly in the gummed sealing tape industry.

PAR. 4. That ever since the 15th day of October, 1914, the said respondent has continued, and still continues, the practice of leasing its National Binding Machines in the same manner and on the same condition, agreement, or understanding as set forth in the foregoing paragraph 3, and is now and ever since the leasing of said machines, as aforesaid, has been requiring the performance on the part of the lessees of the said conditions, agreements, or understandings on which said leases were made; and that the effect of such leases and of such conditions, agreements, or understandings and of the enforcement thereof may be, and is, to substantially lessen competition and to tend to create a monopoly in the gummed sealing tape industry.

REPORT, FINDINGS AS TO THE FACTS, AND ORDER.

The Federal Trade Commission having issued and served its complaint herein, wherein it alleged that it had reason to believe that the above-named respondent, the National Binding Machine Co., has been and now is using unfair methods of competition in interstate commerce in violation of the provisions of section 5 of the act of Congress approved September 26, 1914, entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," and that a proceeding by it in that respect would be to the interest of the public, and further alleged that it had reason to believe that said respondent, the National Binding Machine Co., has violated and is violating the provisions of section 3 of the act of Congress approved October 15, 1914, entitled, "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," and fully stating its charges in those respects, and the respondent having entered its appearance by Lucius E. Varney, Esq., its attorney, and having stipulated of record that the Commission might forthwith proceed to make its findings and order disposing of this proceeding,

the Commission makes its report and findings as to the facts and conclusions.

FINDINGS AS TO THE FACTS.

(1) That the respondent, the National Binding Machine Co., is a corporation organized and existing under and by virtue of the laws of the State of New York, having its principal office and place of business at the city of New York, in said State, and is now, and was at all the times hereinafter mentioned, engaged in manufacturing, selling, and leasing, in interstate commerce, a patented gummed-tape moistening machine called a "strip serving" or "binding" machine, known to the trade as the "National Binding Machine" devised and used for moistening gummed sealing tape for use in sealing packages of goods, wares, and merchandise; also in buying and selling, in interstate commerce, large quantities of gummed sealing tape.

• (2) That said gummed sealing tape is bought, sold and distributed, and said gummed-tape moistening machines are leased and distributed, by respondent in interstate commerce, to many customers in various States, in direct competition with manufacturers and dealers in such commerce in similar commodities.

(3) That respondent is now purchasing, and for some time past has purchased, gummed sealing tape from the Nashua Gummed & Coated Paper Co., of Nashua, N. H., and the Ideal Coated Paper Co., of Brookfield, Mass., in large quantities, upon the agreement, understanding or condition that said manufacturers shall not sell gummed sealing tape to any competitor or competitors of respondent; and that said respondent has at numerous times and places proposed to other manufacturers of gummed sealing tape to enter into similar agreements, understandings, or contracts with it.

(4) That respondent has, from time to time, interfered, and continues to interfere, with customers of its competitors who use sealing tape-moistening machines other than National Binding Machines, and has endeavored, and continues to endeavor, to coerce them into ceasing to purchase their supply of gummed sealing tape from its competitors and into purchasing the same exclusively from it, by threat-

ening, in case of their failure so to do, and because of such failure, to institute and prosecute suits against them for the alleged infringement of certain patents on said National Binding Machine claimed to be owned by it, which threats were and are not made in good faith for the purpose of protecting respondent's rights under said patents, but for the purpose of intimidating the customers of competing manufacturers and of injuring competitors by unfairly intimidating, coercing, and driving away their customers.

(5) That respondent has, from time to time exacted, signed, and entered into, and still continues to exact, sign, and enter into so-called "license agreements" with the owners and users of tape-moistening machines other than the National Binding Machine, by the terms of which "license agreements" said owners and users of tape-moistening machines other than the National Binding Machine are permitted to continue their use only upon the condition that they shall purchase their supply of gummed sealing tape from respondent.

(6) That with the purpose and intent of preventing users of gummed tape from buying it from respondent's competitors, respondent has, from time to time, widely advertised, and still continues so to advertise, by means of circulars to the trade and otherwise, that it will institute suits for infringement of its patents on the National Binding Machine, against all users of gummed sealing tape who apply the same by means of tape-moistening machines other than the National Binding Machine; and that such threats are not made in good faith, for the purpose of protecting respondent's rights under its patents, but for the purpose of intimidating the customers of competing manufacturers and of injuring competitors by unfairly intimidating, coercing, and driving away their customers.

(7) That the conditions or restrictions imposed by respondent in the sale of its gummed sealing tape and its plan of marketing such tape, herein found to be generally used by respondent (a) have compelled and may compel purchasers and users of such gummed sealing tape to purchase their supply of same from respondent exclusively, and at prices substantially higher than prices at which gummed

sealing tape of competitors of respondent may be purchased; and (b) do prevent and may prevent competing manufacturers from selling their gummed sealing tape for use with respondent's binding machines.

(8) That for several years immediately prior to October 15, 1914, respondent, in the course of interstate commerce, generally engaged in the practice of leasing, for use within the United States, large numbers of said National Binding Machines, on the condition, agreement, or understanding that the lessee might use said machine only with the gummed sealing tape of respondent, or purchased of the respondent, and that the lessee should not use with or upon said machine the gummed sealing tape of a competitor or competitors of respondent; that ever since the leasing of said machines, as aforesaid, respondent has been, and now is, requiring the performance by the lessees of the condition, agreement, or understanding on which said leases were so made.

(9) That the conditions or restrictions imposed by respondent in the leasing of its binding machines, herein found to be generally used by respondent, (a) have compelled and do compel lessees and users of such binding machine to purchase gummed sealing tape exclusively from respondent, and at prices substantially higher than prices at which gummed sealing tape of competitors of respondent, satisfactory to many of such purchasers and users, could have been and can now be purchased; (b) have prevented and do prevent competing manufacturers from selling their gummed sealing tape for use with National Binding Machines leased by respondent; and (c) have prevented and do prevent dealers from selling gummed sealing tape of competitors of respondent, and in particular, have prevented and do prevent dealers from selling such gummed sealing tape of competitors of respondent for use with respondent's binding machines.

(10) That in December, 1915, respondent had under lease in the United States approximately 15,000 National Binding Machines; that in the year 1915 it controlled, in money value of sales, approximately 38 per cent of the commerce in the United States in gummed sealing tape; and that such number of machines represents substantially the present number

of its binding machines now under lease, and such percentage represents substantially the present ratio of respondent's business in gummed sealing tape to the total business and commerce done in the United States in such commodity.

CONCLUSIONS.

(1) That the methods of competition set forth in paragraphs 3, 4, 5, and 6 of the foregoing findings as to the facts, and each and all of them, are under the circumstances therein set forth, unfair methods of competition in interstate commerce in violation of the provisions of section 5 of the act of Congress approved September 26, 1914, entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes."

(2) That the acts and practices set forth in paragraphs 7, 8, 9, and 10 of the foregoing findings as to the facts, and each and all of them are, under the circumstances therein set forth, violations of section 3 of the act of Congress approved October 15, 1914, entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," in that their effect has been, is, and may be to substantially lessen competition and tend to create a monopoly in interstate commerce in the manufacture and sale of such gummed sealing tape.

ORDER TO CEASE AND DESIST.

The Federal Trade Commission having issued and served its complaint herein, and the respondent having entered its appearance by Lucius E. Varney, Esq., its attorney, and having stipulated of record that the Commission might forthwith proceed to make its findings and order disposing of this cause, and the Commission on the date hereof having made and filed a report containing its findings as to the facts and its conclusions that the respondent has violated section 5 of the act of Congress approved September 26, 1914, entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," and section 3 of the act of Congress approved October 15, 1914, entitled "An act to supplement existing laws against unlawful restraints

and monopolies, and for other purposes," which said report is hereby referred to and made a part hereof: Therefore

It is ordered, That the respondent, the National Binding Machine Co., forthwith cease and desist from—

(1) Purchasing gummed sealing tape from the Nashua Gummed & Coated Paper Co., of Nashua, N. H., and the Ideal Coated Paper Co., of Brookfield, Mass., upon the agreement, condition, or understanding that said manufacturers shall not sell gummed sealing tape to any competitor or competitors of respondent; and from proposing to other manufacturers of gummed sealing tape to enter into similar agreements, understandings, or contracts with it;

(2) from interfering with the customers of its competitors who use sealing tape-moistening machines other than National Binding Machines, and from endeavoring to coerce them into ceasing to purchase their supply of gummed sealing tape from its competitors and into purchasing the same exclusively from it, by threatening, in case of their failure so to do, and because of such failure, to institute and prosecute suits against them for the alleged infringement of certain patents on said National Binding Machine claimed to be owned by it, such threats not being made in good faith for the purpose of protecting respondent's rights under said patents, but for the purpose of intimidating the customers of competing manufacturers and of injuring competitors by unfairly intimidating, coercing, and driving away their customers;

(3) from exacting, signing, or entering into so-called "license agreements" with the owners and users of tape-moistening machines other than the National Binding Machine, by the terms of which "license agreements" said owners and users of tape-moistening machines other than the National Binding Machine are permitted to continue their use only upon the condition that they shall purchase their supply of gummed sealing tape from respondent;

(4) from advertising, by means of circulars to the trade or otherwise, that it will institute suits for infringement of its patents on the National Binding Machine against all users of gummed sealing tape who apply the same by means of some tape-moistening machine other than the National

Binding Machine, such threats not being made in good faith for the purpose of protecting respondent's rights under its patents, but for the purpose of intimidating the customers of competing manufacturers and of injuring competitors by unfairly intimidating, coercing, and driving away their customers.

(5) from leasing said National Binding Machine and fixing a price charged therefor, on the condition, agreement, or understanding that the lessee is to use said machine only with the gummed sealing tape of respondent or purchased of respondent, and that the lessee shall not use with or upon said machine the gummed sealing tape of a competitor or competitors of respondent, and from requiring the performance by the lessees of the conditions, agreements, or understandings on which such leases have been heretofore made.

Provided, That with respect to paragraph 5 only of this order, the respondent, the National Binding Machine Co., is hereby granted not to exceed 60 days from the date hereof within which to readjust and make such changes in its methods of leasing, selling, handling and dealing in said National Binding Machine as will make its conduct and practices in that behalf conform to the requirements of this order.

FEDERAL TRADE COMMISSION

v.

ASSOCIATION OF FLAG MANUFACTURERS OF AMERICA, HAROLD M. TURNER, CHAIRMAN OF THE ASSOCIATION OF FLAG MANUFACTURERS OF AMERICA, ET AL.

COMPLAINT IN THE MATTER OF THE ALLEGED VIOLATION OF SECTION 5 OF THE ACT OF CONGRESS, APPROVED SEPTEMBER 26, 1914.

Docket No. 18.—January 29, 1918.

SYLLABUS.

Where certain corporations, partnerships, and individuals engaged in the manufacture and sale of American flags formed a voluntary unincorporated association, of which another individual, not a flag

manufacturer, was the chairman and principal organizer, one of the objects of said association being to engage in a concerted movement to enhance the prices of American flags and to maintain such enhanced prices and bring about a general uniformity therein:

Ordered, (1) That said corporations, partnerships, and individuals, manufacturers of flags and members of said association, cease and desist from continuing their membership therein, or from creating, joining, or becoming members of any organization having similar purposes, or from carrying on activities similar to those charged to have been carried on by said association, or to engage in any concerted movement to enhance or maintain the prices of flags or to bring about a general uniformity therein; and (2) that said individual chairman and principal organizer cease and desist from any connection with said association and from creating, managing, working for, or becoming connected with that or any other organization having similar objects.

COMPLAINT.

The Federal Trade Commission having reason to believe, from a preliminary investigation made by it, that the Association of Flag Manufacturers of America; Harold M. Turner, chairman of the Association of Flag Manufacturers of America; American Flag Co.; Annin & Co.; De Grauw, Aymar & Co.; C. D. Durkee & Co.; Andrew Mills & Sons; Rehm & Co.; H. Channon Co.; Chicago Flag & Decorating Co.; M. G. Copeland Co.; John C. Dettra & Co.; Emerson Manufacturing Co.; Wm. H. Horstmann Co.; National Flag Co.; R. J. Patton Co.; U. S. Flag Co.; J. E. Scott Co.; Sigbee & Co.; Collegeville Flag Co.; American Flag Manufacturing Co.; and H. O. Stansbury & Co., all of whom are hereinafter referred to as respondents, have been, and are using unfair methods of competition in interstate commerce in violation of the provisions of section 5 of the act of Congress approved September 26, 1914, entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," and it appearing that a proceeding by it in respect thereof would be to the interest of the public, issues this complaint, stating its charges in that respect as follows:

1. That all of the said respondents, except the Association of Flag Manufacturers of America, American Flag Manufacturing Co., Collegeville Flag Co., Rehm & Co., U. S. Flag Co., and Harold M. Turner, chairman of the Association of

Flag Manufacturers of America, are corporations organized and existing, under and by virtue of the laws of their respective States, and having their principal offices and places of business as hereinafter designated:

Name.	Organized under the laws of—	Principal office at—
American Flag Co.....	New York.....	New York City.
Annis & Co.....	do.....	Do.
Degrauw, Aymar & Co.....	do.....	Do.
C. D. Durkee & Co.....	do.....	Do.
Andrew Mills & Sons.....	do.....	Do.
H. Channon Co.....	Illinois.....	Chicago, Ill.
Chicago Flag & Decorating Co.....	do.....	Do.
M. G. Copeland Co.....	District of Columbia.....	Washington, D. C.
John O. Dettra & Co.....	Pennsylvania.....	Oaks, Pa.
Emerson Manufacturing Co.....	California.....	San Francisco.
Wm. H. Horstmann Co.....	Pennsylvania.....	Philadelphia.
National Flag Co.....	Ohio.....	Cincinnati, Ohio.
R. J. Patton Co.....	do.....	Do.
J. E. Scott Co.....	Michigan.....	Detroit, Mich.
Elgsbee & Co.....	Massachusetts.....	Ayer, Mass.
H. O. Stansbury & Co.....	Pennsylvania.....	Philadelphia, Pa.

That the Association of Flag Manufacturers of America is an unincorporated association composed of the various respondent concerns, partnerships, and corporations named, and has its principal office at 62 Leonard Street, New York City.

That Harold M. Turner is chairman of the Association of Flag Manufacturers of America, and has his principal office at 62 Leonard Street, New York City.

That the remaining respondents are described as follows:

American Flag Manufacturing Co. is a private concern, owned by W. J. Heller, doing business under the name and style of American Flag Manufacturing Co., Easton, Pa.

Collegeville Flag Co. is a private concern, owned by S. D. Cornish, doing business under the name and style of Collegeville Flag Co., Collegeville, Pa.

Rehm & Co. is a partnership, composed of Carl Rehm and Geo. E. Koch, doing business under the firm name and style of Rehm & Co., New York City.

U. S. Flag Co. is a partnership, composed of A. J. Buerger and Jos. Knecht, doing business under the name U. S. Flag Co., Cincinnati, Ohio.

2. That the several respondent concerns are now, and were at all times hereinafter mentioned, engaged generally and

extensively in manufacturing and selling American flags in commerce among the several States and Territories of the United States.

3. That the respondents, members and ex-members of the Association of Flag Manufacturers, manufacture and sell by far the greater portion of the entire output of American flags made and sold within the United States. That the said industry represents an aggregate business of approximately two and one-half million dollars sales annually.

4. That the respondents, either as individuals or as members of said association, have for more than three years last past, both individually and as members of said association, been and now are engaged in a concerted movement to unduly enhance the prices of American flags and to maintain such enhanced prices, and to bring about a general uniformity of such prices. Such enhancement and general uniformity has been effected by meetings, correspondence, and other means of intercommunication between respondents, members and ex-members of said association, among themselves, and between such respondents and the said association and its chairman, Harold M. Turner.

REPORT, FINDINGS AS TO THE FACTS, AND ORDER.

It appearing from the complaint and answers on file that the respondent Association of Flag Manufacturers of America was a voluntary association composed of the several commercial respondents, and that the respondent Harold M. Turner acted as chairman, and it appearing further that such association has ceased its activities; therefore, the Commission finds as a fact that the Association of Flag Manufacturers of America has ceased to exist and it is dissolved:

Wherefore, the cause of complaint as to said respondent is abated.

ORDER TO CEASE AND DESIST.

It is hereby ordered by the Federal Trade Commission—

That each and all of the respondents signatory hereto, to wit, American Flag Co., Annin & Co., Degrauw, Aynar &

Co., C. D. Durkee & Co., Andrew Mills & Sons, Rehm & Co., H. Channon Company, Chicago Flag & Decorating Co., M. G. Copeland Co., John C. Dettra & Co., Emerson Manufacturing Co., Wm. H. Horstmann Co., U. S. Flag Co., J. E. Scott Co., Sigsbee & Co., Collegeville Flag Co., American Flag Manufacturing Co., and H. O. Stansbury & Co., shall forever cease and desist from continuing their respective memberships in the said Association of Flag Manufacturers of America or from reorganizing said association or from creating or joining or becoming member of any such association or similar organization having for its purpose the objects or any of them charged in the complaint in this case as having been the objects of the said Association of Flag Manufacturers of America, or carrying on such activities as are charged in the complaint to have been carried on by the said Association of Flag Manufacturers of America, and shall not engage in any concerted movement (a) to enhance prices of American flags, or (b) to maintain such enhanced prices, or (c) to bring about a general uniformity of such prices, and (d) from effecting or maintaining such enhancements or such uniformity of prices through the medium of telephonic communication or telegraphic communication or by correspondence or by personal meetings or through other communications or in any other manner whatsoever.

And it appearing that the respondent Harold M. Turner is not a flag manufacturer, and that his connection with said Association of Flag Manufacturers of America was as chairman thereof, and substantially under the circumstances as set forth in his answer herein:

It is, therefore, further ordered that said respondent Harold M. Turner be, and he hereby is, ordered to forever cease and desist from any connection with said Association of Flag Manufacturers of America or from creating, managing, conducting, working for or becoming connected in any capacity with any other association or similar organization having for its purpose the objects charged in the complaint as having been the objects of the said Association of Flag Manufacturers of America or any similar objects, or from being connected with or assisting in any acts of a similar nature or having identical or similar objects.

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FEDERAL TRADE COMMISSION DECISIONS,

FEDERAL TRADE COMMISSION

v.

BOTSFORD LUMBER CO. ET AL.