

or indicating or showing to the purchasers or prospective purchasers thereof the true character thereof.

(6) Selling or offering for sale, in any manner whatsoever, linseed oils or kindred products which have been adulterated or which contain adulterated ingredients, as, and for, pure products.

FEDERAL TRADE COMMISSION *v.* THE SILVEX CO.

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

Docket No. 192.—December 24, 1918.

SYLLABUS.

Where a corporation engaged in the manufacture and sale of spark plugs falsely advertised that its product had been certified by the Bureau of Standards of the United States Department of Commerce:

Held, That such advertisement constituted an unfair method 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 Silvex Co., hereinafter referred to as respondent, has been and is using unfair methods of competition in interstate commerce in violation of the provisions of section 5 of an 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, The Silvex Co., is now and was at all times hereinafter mentioned, a corporation organized, existing, and doing business under and by virtue of the laws of the State of Pennsylvania, having its principal office and place of business at South Bethlehem in said State, and is now and for more than two years last past has been engaged in the business of manufacturing

spark plugs and then selling them to various customers throughout the different States and Territories of the United States, and the District of Columbia and foreign countries, and that at all times hereinafter mentioned the respondent has carried on and conducted such business in direct competition with other persons, firms, copartnerships, and corporations similarly engaged.

PAR. 2. That the respondent, the Silvex Co., in the conduct of its business, manufactures, moves, and distributes its spark plugs to, from, and among the State of Pennsylvania and other States and Territories of the United States, and there is continuously, and has been at all times hereinafter mentioned, a constant current of trade and commerce in such spark plugs between and among the various States of the United States, the Territories thereof, and the District of Columbia.

PAR. 3. That the component parts used by the respondent in the manufacture of its spark plugs have been tested by the United States Department of Mines, and that respondent has so worded and constructed an advertisement by referring to said test that is calculated and designed to and does mislead the trade and general public into the belief the spark plugs so manufactured and sold by respondent have been certified by the United States Department of Mines.

PAR. 4. That the respondent, within the year last past, has published and caused to be published the aforesaid advertisement in newspapers, magazines, periodicals, trade papers and other publications circulated throughout the States and Territories of the United States and District of Columbia and foreign countries with the purpose, intent and effect of stifling and suppressing competition in the sale of spark plugs in interstate commerce.

REPORT, FINDINGS AS TO THE FACTS, AND ORDER.

The Federal Trade Commission, having issued and served its complaint herein, wherein it is alleged that it had reason to believe that the above-named respondent, The Silvex Co., has been, and now is, using unfair methods of competition in interstate commerce, in violation of the provisions of sec-

tion 5 of an 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 fully stating its charges in this respect; and respondent having entered its appearance by Dallett II. Wilson, its attorney, duly authorized and empowered to act in the premises, and filed its answer, admitting that certain of the matters and things alleged in the said complaint are true in the manner and form therein set forth, and denying others therein contained, and thereafter having made and executed an agreed statement of facts, which has been heretofore filed, in which it is stipulated and agreed by the respondent that the Federal Trade Commission shall take such agreed statement of facts as the evidence in this case and in lieu of testimony, and shall forthwith thereupon make and enter its report, stating its findings as to the facts and its conclusions, and its order, disposing of this proceeding without the introduction of testimony or presentation of argument, the Federal Trade Commission now makes and enters this, its report, stating its findings as to the facts and its conclusion.

FINDINGS AS TO THE FACTS.

PARAGRAPH 1. That the respondent, the Silvex Co., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of New York, having its principal factory, office, and place of business located at the borough of Hellertown, in the State of Pennsylvania, now, and for more than two years last past, engaged in the business of manufacturing and selling spark plugs in interstate commerce throughout the States of the United States, the Territories thereof, the District of Columbia, and foreign countries, in direct competition with other persons, firms, copartnerships, and corporations similarly engaged.

PAR. 2. That within the year last past the respondent has sold to the Government of the United States large quantities of its product, and the same have been accepted by the Government.

PAR. 3. That respondent's spark plugs have never been tested by the United States Department of Mines, but that the same have been tested, according to the tests made by the Bureau of Standards of the United States Department of Commerce.

PAR. 4. That respondent's Bethlehem aviation spark plugs have never been certified by the Bureau of Standards of the United States Department of Commerce.

PAR. 5. That on April 19, 1918, the respondent printed and caused to be circulated a certain letter, in which it is stated and held out that its Bethlehem aviation spark plug had been certified by the Bureau of Standards.

CONCLUSION.

That the method of competition set forth in the foregoing findings as to the facts in paragraph 5, is, under the circumstances therein set forth, an unfair method of competition in interstate commerce, in violation of the provisions of section 5 of an 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, having entered its appearance by Dallett H. Wilson, its attorney, duly authorized to act in the premises, and having filed its answer, and thereafter having made and entered into an agreed statement of facts, wherein it is stipulated and agreed that the Federal Trade Commission should take such agreed statement of facts as the evidence in this case and in lieu of testimony, and should proceed forthwith upon the same to make and enter its report, stating its findings as to the facts and its conclusion, and its order, disposing of this proceeding without the introduction of testimony in support of the same, and waiving any and all right to the introduction of such testimony; and the Commission having made and filed its report containing its findings as to the facts and its conclusion that the respondent has violated section 5 of an 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: Now, therefore,

It is ordered, That the respondent, The Silvex Co., of New York, and its officers, directors, representatives, agents, servants, and employees cease and desist from directly or indirectly advertising or publishing or circulating or distributing any circular letter, advertisement or printed matter whatsoever, in which it is stated or held out that respondent's Bethlehem aviation spark plug has been "certified by the Bureau of Standards."

FEDERAL TRADE COMMISSION *v.* VACUUM OIL CO.

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

Docket No. 219.—December 27, 1918.

SYLLABUS.

Where an oil company—

- (a) shipped large quantities of goods to its customers and customers of its competitors, without theretofore having received orders for the same; and,
- (b) induced and attempted to induce such consignees to accept and purchase the goods so shipped, by (1) the extension of long time credits, and (2) guaranteeing the resale of such consignments and the assistance of its salesmen in procuring the same:

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

COMPLAINT.

I. The Federal Trade Commission having reason to believe from a preliminary investigation made by it, that the Vacuum Oil Co., hereinafter referred to as respondent, has been and is using unfair methods of competition in interstate commerce in violation of the provisions of section 5 of an 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, Vacuum Oil Co., is now and was at all times hereinafter mentioned a corporation organized, existing, and doing business under and by virtue of the laws of the State of New York, having its principal office and place of business located in the city of New York, State of New York, now and for more than one year last past engaged in commerce in petroleum and in the manufacture, sale, and distribution of its products in direct competition with other persons, firms, corporations, and copartnerships similarly engaged.

PAR. 2. That the respondent, Vacuum Oil Co., is engaged in the business of purchasing petroleum in oil-producing districts of the United States; in causing to be shipped and transported crude oil from such districts through and into other States; in refining the petroleum and manufacturing it into various products; in shipping and transporting petroleum products through and into different States of the United States and in selling petroleum products in different localities in various States of the United States and in the District of Columbia; that after such products are so manufactured in various States of the United States they are continuously moved to, from and among other States and Territories of the United States, the District of Columbia, and foreign countries, and there is continuously and has been at all times hereinafter mentioned a constant current of trade and commerce in said products between and among the various States and Territories of the United States, the District of Columbia, and foreign countries, and especially through and to the city of Olean, State of New York, and therefrom to and through other States of the United States, the Territories thereof, the District of Columbia, and foreign countries.

PAR. 3. That the respondent, with the intent, purpose, and effect of stifling and suppressing competition in the manufacture, sale, and distribution of petroleum products in interstate commerce within the year last past has adopted

and maintained a system of marketing its various petroleum products, whereby it ships at market prices to various customers of its competitors, large quantities of its products without having theretofore sold or received orders for the same, and in the furtherance of said system the respondent induces and attempts to induce such consignees to accept and purchase such consignments so shipped as aforesaid by various means and methods among which are the following, to wit:

1. The extension of long-time credits.
2. Guaranteeing the resale of such consignments and the assistance of its salesmen in procuring the same.

That such system and methods are calculated and designed to and do enlarge respondent's gallonage output and cause the customers of its competitors to be overstocked, and to hinder, harass, and restrain such competitors in the conduct of their business.

REPORT, FINDINGS AS TO THE FACTS, AND ORDER.

The Federal Trade Commission having issued and served its complaint herein, wherein it is alleged that it had reason to believe that the above-named respondent, Vacuum Oil Co., has been and now is using unfair methods of competition in interstate commerce in violation of the provisions of section 5 of an 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 fully stating its charges in this respect, and the respondent having appeared by Edward Prizer, its president, and filed its answer admitting that certain of the matters and things alleged in the said complaint are true in the manner and form herein set forth, and denying others therein contained, and thereafter having made and executed an agreed statement of facts which has been heretofore filed in which it is stipulated and agreed by the respondent that the Federal Trade Commission shall take such agreed statement of facts as the evidence in this case and in lieu of testimony and pro-

ceeding forthwith thereupon to make and enter its report, stating its findings as to the facts and its conclusions and its order, disposing of this proceeding without the introduction of testimony, or the presentation of argument, the Federal Trade Commission now makes and enters its report, stating its findings as to the facts and its conclusions.

FINDINGS AS TO THE FACTS.

1. That the respondent, Vacuum Oil Co., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of New York, having its principal office and place of business located in the city and State of New York, now and for more than one year last past engaged in the manufacture and sale of petroleum and its products generally in commerce throughout the various States of the United States in direct competition with other persons, firms, copartnerships, and corporations similarly engaged.

2. That during the month of November, 1917, the manager of the Des Moines office of the respondent company shipped at market prices to various customers of the respondent and to customers of its competitors throughout the State of Iowa large quantities of its products without having theretofore sold or received orders for the same, and induced and attempted to induce such consignees to accept and purchase such consignments so shipped as aforesaid, by (1) the extension of long-time credits, and (2) guaranteeing the resale of such consignments and the assistance of respondent's salesmen in procuring the same.

3. That the method of selling and practice of selling and marketing its products as described and set forth in paragraph 2 herein was carried on, concluded, and consummated by the manager of the Des Moines office of the respondent company without the knowledge or consent of the respondent and without the knowledge and consent of Willard W. Smith, general manager of the western branches of the respondent company.

4. That the respondent does not now and never has maintained a policy of marketing and selling its products without orders therefor.

CONCLUSIONS.

That the methods of competition set forth in the foregoing findings as to the facts in paragraph 2 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 an 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 having appeared by Edward Prizer, its president, duly authorized to act in the premises, and having filed its answer and thereafter having made and entered into an agreed statement of facts as the evidence in this case and in lieu of testimony, and should proceed forthwith upon the same to make and enter its report, stating its findings as to the facts, and its conclusions and its order, disposing of this proceeding without the introduction of testimony in support of the same, and waiving any and all right to the introduction of such testimony; and the Commission having made and filed its report containing its findings as to the facts, and its conclusions that the respondent has violated section 5 of an 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:" Now, therefore,

It is ordered, That the respondent, Vacuum Oil Co., of New York, and its officers, directors, representatives, agents, servants, and employees cease and desist from directly or indirectly shipping to its customers or prospective customers, or the customers or prospective customers of its competitors any of its products at market prices without having theretofore sold or received orders for the same, and inducing or attempting to induce the consignees in any manner whatsoever to accept and purchase such consignments as aforesaid.

FEDERAL TRADE COMMISSION *v.* GARTSIDE
IRON RUST SOAP CO.

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

Docket No. 190.—February 2, 1919.

SYLLABUS.

Where a manufacturer and vendor of a stain remover—

- (a) falsely claimed that its preparation was covered by patent;
- (b) falsely charged that the preparations of competitors were infringements of such alleged patent;
- (c) threatened to bring suits for infringement of its alleged patent against competitors and their customers, such threats not being made in good faith, intending to bring such suits, but for the purpose of injuring said competitors and of intimidating them and their agents, customers, and prospective customers; and
- (d) circulated false and misleading statements to the effect that certain competitors were financially irresponsible:

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 Gartside Iron Rust Soap 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 an 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, Gartside Iron Rust Soap Co., is now and was at all times hereinafter mentioned, a corporation organized, existing, and doing business under and by virtue of the laws of the State of Pennsylvania, having its principal office and place of business in the city of Philadelphia, in said State, and is now and for more than two years last past, has been engaged in the manufacture and

sale in commerce among the various States and Territories of the United States and the District of Columbia, of a certain preparation known as Iron rust soap for use in removing iron rust, ink, fruit, and medicine stains from clothing, marble, and the like, in direct competition with other persons, firms, corporations, and copartnerships engaged in manufacturing preparations for similar purposes.

PAR. 2. That the respondent, by means of notices in letters, circulars, pamphlets, and advertising circulated through the trade and by oral statements made by its officers, directors, agents, servants, and employes, to competitors and to competitors' customers, and to others with whom said competitors were and are contracting or endeavoring to contract, with the intent, purpose, and effect of stifling and suppressing competition in interstate commerce in the manufacture and sale of preparations for removing iron rust, ink, fruit, and medicine stains from clothing, marble, and the like, within two years last past has represented and still does represent that the manufacture and sale of preparations for removing iron rust, ink, fruit, and medicine stains from clothing, marble, and the like, manufactured by competitors of respondent, were and are infringements of a patent granted to the respondent, and were and are marketed in a form calculated to deceive the public into the belief that such preparations are the products of the respondent; that the respondent within two years last past has threatened and is now threatening suits for such alleged infringements and unfair competition against such manufacturers and against all persons using or dealing in such products of such competitors; that said threats have not been made in good faith but for the purpose of intimidating competitors of respondent and the agents, servants, employees, customers, and prospective customers of competitors of the respondent.

PAR. 3. That with the intent, purpose, and effect of stifling and suppressing competition in interstate commerce in the manufacture and sale of preparations for removing iron rust, ink, fruit, and medicine stains from clothing, marble, and the like, the respondent within two years last past has sent and continues to send to its customers and the custom-

ers, agents, servants, employees, and officers of its competitors and other persons, letters, circulars, and pamphlets containing statements to the effect that certain competitors of respondent were and are financially irresponsible, which statements were and are false and misleading, and known by the respondent so to be, and not made in good faith but for the purpose, intent and effect of inducing and compelling users and agents for the sale of preparations for removing iron rust, ink, fruit, and medicine stains from clothing, marble, and the like, from using such preparations manufactured by competitors of the respondent.

REPORT, FINDINGS AS TO THE FACTS, AND ORDER.

The Federal Trade Commission, having duly issued and served upon the above-named respondent, its complaint herein, wherein it alleged upon information and belief that said respondent has been and now is using unfair methods of competition in interstate commerce in violation of the provisions of section 5 of an 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 duly entered its appearance and filed its answer to said complaint, admitting certain allegations therein contained and denying certain others thereof, and the issues so raised having, pursuant to due notice given to all parties interested, duly come on for hearing at Philadelphia, Pa., on the 8th day of January, 1919, and the Federal Trade Commission having duly appeared and introduced its evidence in support of its said charges, and the said respondent, having duly appeared in person and by attorney and introduced his evidence in denial thereof, and all testimony heard at said hearing having been reduced to writing, and together with the evidence received having been duly filed in the office of the Commission, and said respondent having duly waived all rights to make argument or file a brief herein, the Commission now makes this its report and findings as to the facts and conclusions.

FINDINGS AS TO THE FACTS.

PARAGRAPH 1. That the respondent is Joseph H. Gartside and that said respondent is now and for more than two years last past has been engaged in business as a sole trader under the name and style of Gartside Iron Rust Soap Co., and that during said time said respondent's principal office and place of business has been located in the city of Philadelphia, in the State of Pennsylvania; and that said respondent is now and for more than two years last past has been engaged in the manufacture and sale in commerce among the various States and Territories of the United States and the District of Columbia, of a certain preparation known as Iron rust soap, for use in removing iron rust, ink, fruit, and medicine stains from clothing, marble, and the like, in direct competition with other persons, firms, corporations, and copartnerships engaged in manufacturing preparations for similar purposes.

PAR. 2. That the respondent, by means of notices in letters, circulars, and advertisements sent to and circulated among his said competitors and their customers, and others with whom said competitors were and are contracting or endeavoring to contract, with the intent, purpose, and effect of stifling and suppressing competition in interstate commerce in the manufacture and sale of preparations for removing iron rust, ink, fruit and medicine stains from clothing, marble, and the like, within the two years last past, has represented and still does represent that the manufacture and sale of preparations for removing iron rust, ink, fruit and medicine stains from clothing, marble, and the like, manufactured by competitors of the respondent, were and are infringements of a patent granted to respondent; that said respondent is not and never has been the owner of a patent in the said preparation; that respondent within the two years last past has threatened and is now threatening suits for such alleged infringements and unfair competition against such manufacturers and persons using or dealing in such products of such competitors; that such threats have not been made in good faith, but for the purpose and with the effect of intimidating competitors of respondent and their agents, customers, and prospective customers.

PAR. 3. That with the intent, purpose, and effect of stifling and suppressing competition in interstate commerce in the manufacture and sale of preparations for removing iron rust, ink, fruit and medicine stains from clothing, marble, and the like, the respondent within two years last past has sent and continues to send to its customers and the customers and agents of its competitors and other persons, letters and circulars containing statements to the effect that certain competitors of respondent were and are financially irresponsible, which statements were and are false and misleading and known by the respondent so to be, and not made in good faith but for the purpose and with the intent of inducing users and agents for the sale of preparations for removing iron rust, ink, fruit and medicine stains from clothing, marble, and the like, to refrain from using or dealing in such preparations manufactured by competitors of the respondent.

CONCLUSIONS.

That the acts and conduct of the respondent set forth in paragraphs 2 and 3 of the foregoing findings as to the facts are unfair methods of competition in interstate commerce and as such are within the meaning, and in violation of the provisions of section 5 of an 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 duly issued and served upon the above-named respondent, its complaint herein wherein it alleged upon information and belief that said respondent has been and now is using unfair methods of competition in interstate commerce in violation of the provisions of section 5 of an 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 duly entered his appearance and filed his answer to said complaint, admitting certain

allegations therein contained and denying certain others thereof, and the issues so raised having, pursuant to due notice given to all parties interested, duly come on for hearing at Philadelphia, Pa., on the 8th day of January, 1919, and the Federal Trade Commission, having duly appeared and introduced its evidence in support of its said charges, and the said respondent having duly appeared in person and by attorney and introduced his evidence in denial thereof, and all testimony heard at said hearing having been reduced to writing, and together with the evidence received, having been duly filed in the office of the Commission, and said respondent having duly waived all rights to make argument or file a brief herein, and the Commission having duly made and filed its report wherein it set forth its findings as to the facts and its conclusions that respondent has violated the provisions of section 5 of an 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 which said report is hereby referred to and made a part hereof: Now, therefore,

It is ordered, That the respondent, Joseph H. Gartside, doing business under the name and style of Gartside Iron Rust Soap Co., at Philadelphia, Pa., cease and desist from falsely representing by means of notices contained in letters, circulars, advertisements, or by any means whatsoever, that he is the owner of letters patent or anything similar thereto, issued by the United States Patent Office, which gives him the exclusive right to make, use, and vend a preparation for removing iron rust, ink, fruit, and medicine stains from clothing, marble, and the like, and from falsely representing that the manufacture, sale, or use of preparations for removing iron rust, ink, fruit, and medicine stains from clothing, marble, and the like, manufactured by competitors of respondent are an infringement of a patent granted to the respondent; and from intimidating or interfering with his competitors or their agents, customers or prospective customers by threatening to sue them for such alleged infringements, or by falsely representing that certain of his competitors are financially irresponsible.

FEDERAL TRADE COMMISSION *v.* GORDON-VAN
TINE CO.

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

Docket No. 220.—February 6, 1919.

SYLLABUS.

Where a mail-order house dealing in lumber and building materials—

(a) Published and circulated an advertisement purporting to be a quotation from an order of the Federal Trade Commission against certain competitors, such advertisement being false, misleading, and a gross misrepresentation of said order;

(b) Paid and offered to pay secret commissions to contractors, builders, and carpenters, as an inducement to influence them to favor the sale of its goods to others;

(c) Made false or misleading statements to the effect—

(1) That the United States vouched for and guaranteed its reliability and honesty, and that the Post Office Department censored its advertising matter;

(2) That its lumber products were of its own manufacture, thereby giving customers the benefit of mill or manufacturers' price;

(3) That certain of its competitors were members of a lumber trust which fixed and maintained excessive and unreasonable prices;

(4) That it was the only firm which made prices both ways on lumber material, i. e., ready-cut-to-fit, and not ready-cut; and,

(5) That it saved its purchasers \$200 to \$500 per building as compared with similar purchases from "regular dealers."

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 Gordon-Van Tine Co., hereinafter referred to as respondent, has been, and is, using unfair methods of competition in interstate commerce, in violation of the provisions of an 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, Gordon-Van Tine Co., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Iowa, having its principal office and place of business at the city of Davenport, in said State, now, and for more than two years last past, engaged in the manufacture and sale of lumber and building materials among the several States and Territories of the United States, and the District of Columbia, in direct competition with other persons, firms, copartnerships and corporations similarly engaged.

PAR 2. That, in the conduct of its business, respondent purchases lumber and building materials in the various States of the United States and the Territories thereof, and transports the same through other States and Territories in and to the town of Davenport, in the State of Iowa, and other points of concentration, where they are sold and shipped to purchasers in different States and Territories of the United States through the medium of mail orders; and there is continuously, and has been at all times herein mentioned, a constant current of trade and commerce in said lumber and building materials between and among the various States and Territories of the United States, the District of Columbia and foreign countries, and especially from other States and Territories of the United States to and through the town of Davenport, State of Iowa, and therefrom to and through other States and Territories of the United States, the District of Columbia, and foreign countries.

PAR. 3. That there exist certain commercial establishments in all or most of the States of the United States which now are, and for several years last past have been engaged in selling lumber and building materials in interstate commerce through the medium and means of yards located in different cities of the various States and are usually referred to in the lumber industry as "regular dealers" as distinguished from so-called catalogue or mail-order houses; that such establishments usually sell lumber and building materials in the community wherein they are located and that such establishments purchase lumber and building materials in large quantities in interstate commerce from manufacturers and wholesalers.

PAR. 4. That the respondent, within the year last past, with the intent, purpose, and effect of stifling and suppressing competition in the sale of lumber and building materials in interstate commerce, has published and circulated in various periodicals, magazines, trade journals, and catalogues an advertisement which purports to be an order and decision of the Federal Trade Commission in certain proceedings instituted and carried on by the Federal Trade Commission against certain "regular dealers" of lumber wherein such dealers were charged with unfair methods of competition in interstate commerce; such publication being as follows:

FEDERAL TRADE COMMISSION SAYS "MARAUDING TACTICS OF UNFAIR COMPETITION MUST CEASE."

A victory has been won for you and for us.

Through coercion, threats, misrepresentation, and subterfuge, retail lumber dealers have for years attempted to prevent us from selling to you and to keep you from buying from us.

Now, the Federal Trade Commission has stepped in, and said: "No interference! A square deal for everybody!" From now on, you can buy wherever you please without being bothered, boycotted, or bluffed.

There is only one reason, of course, why the concerns against whom this Government order has been issued, followed these unfair methods. They knew that Gordon-Van Tine's immense buying resources, systematized operations, and big volume of business enabled us to undersell them in their own market and "give better value!"

And when they couldn't compete fairly, they attempted to do it unfairly.

We could ask no better evidence of our ability to furnish you the highest grade building material at less-than-local-dealer prices than the situation which occasioned this Federal ruling,

following which is set out a list of the "regular dealers" against whom the said order issued. That the above advertisement so published and circulated is false, misleading and a gross misrepresentation of the terms of the said order and decision issued by the Commission in the aforementioned proceedings and it does not fairly and truthfully represent to the public the Commission's order and decision in the said proceedings.

PAR. 5. That in the course of its business of selling lumber and building materials in interstate commerce, the respondent, Gordon-Van Tine Co., for more than two years last past

has secretly, and without the knowledge of the purchaser or consumer, offered and paid to local contractors, builders, and carpenters, a bonus or so-called commission as an inducement to influence such contractors and builders to push or favor the sale of respondent's lumber and building materials over those of its competitors.

PAR. 6. That the respondent, Gordon-Van Tine Co., with the intent, purpose, and effect of injuring and embarrassing and discrediting its competitors, for more than two years last past has circulated catalogues and published statements through the various States and Territories of the United States, the District of Columbia, and in foreign countries among customers and prospective customers of competitors, containing certain advertisements wherein it is represented that—

(a) The United States Government vouches for and guarantees the reliability, honesty, and business methods of the respondent, and that such statements carry the impression that the Post Office Department censors the respondent's advertising matter.

(b) Respondent sells its products from the mill direct to the customer, imputing it manufactures all the lumber products which it sells, thereby giving the customers the benefit of mill or manufacturers' prices.

(c) Certain competitors of respondent are members of the Lumber Trust, by means of which excessive and unreasonable prices for lumber and building materials are fixed and maintained, thus wrongfully and falsely charging that such competitors do not deal justly and fairly.

(d) Respondent is the only firm that makes prices both ways on lumber materials, i. e., ready-cut-to-fit, and not-ready-cut.

(e) Respondent does a much larger volume of business, buying lumber and building materials in larger quantities than do such "regular dealers" and that this enables them to buy at a lower price and obtain greater discounts, and keep on hand a bigger stock from which the purchaser may select such materials as he desires than do such "regular dealers," and that the purchaser is given the benefit of all of such sales and that respondent saves for the consumer

from 25 to 50 per cent, or in amount from \$200 to \$500 per building of what such purchaser or consumer would be compelled to pay for the same materials if purchased from a "regular dealer."

That such statements and advertisements are in truth false, deceptive, and misleading, and do unfairly tend to, and do deceive and mislead such purchasers, and further do injure, damage, and discredit the so-called "regular dealers" and create and foster a suspicion in the minds of prospective purchasers of lumber and building materials that such regular dealers, as a class, do not deal fairly, and that such advertisements are calculated and designed to deceive the trade and general public.

REPORT, FINDINGS AS TO THE FACTS, AND ORDER.

The Federal Trade Commission, having issued and served its complaint herein, wherein it is alleged that it had reason to believe that the above named respondent, Gordon-Van Tine Co., has been, within the two years last past, using unfair methods of competition in interstate commerce in violation of the provisions of section 5 of an 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 fully stating its charges in that respect; and the respondent, Gordon-Van Tine Co., having entered its appearance by H. V. Scott, Esq., its vice president, duly authorized and empowered to act in the premises, and having filed its answer admitting that certain of the matters and things alleged in said complaint are true in the manner and form therein set forth, and denying others therein contained, and thereafter having made and executed an agreed statement of facts, which has been heretofore filed in which it is stipulated and agreed by the respondent that the Federal Trade Commission shall take such agreed statement of facts as the evidence in this case and in lieu of testimony, and shall forthwith thereupon make and enter its report, stating its findings as to the facts and its conclusions, and its order disposing of this proceed-

ing, without the introduction of testimony or the presentation of argument; now, therefore, the Federal Trade Commission makes and enters this, its report, stating its findings as to the facts and its conclusions as to the respondent, Gordon-Van Tine Co.

FINDINGS AS TO THE FACTS.

PARAGRAPH 1. That the respondent, Gordon-Van Tine Co., is now, and for more than two years last past has been, a corporation organized, existing, and doing business under and by virtue of the laws of the State of Iowa, having its principal factory, office, and place of business located in the city of Davenport, State of Iowa, at all times hereinafter mentioned engaged in the business of manufacturing and selling lumber and building materials in interstate commerce throughout the various States of the United States, the Territories thereof, the District of Columbia, and foreign countries, in direct competition with other persons, firms, copartnerships, and corporations similarly engaged.

PAR. 2. That there exists certain commercial establishments in all or most of the States of the United States which now are, and for several years last past have been, engaged in selling lumber and building materials in interstate commerce through the medium and by means of yards located in different cities of the various States and are usually referred to in the lumber industry as "regular dealers" as distinguished from so-called catalogue or mail order houses; that such establishments usually sell lumber and building materials in the community wherein they are located and that such establishments purchase lumber and building materials in large quantities in interstate commerce from manufacturers and wholesalers; and that respondent, Gordon-Van Tine Co., is, and has been within the two years last past, in direct competition with such "regular dealers."

PAR. 3. That during the year prior to the filing of the complaint herein, the respondent, Gordon-Van Tine Co., printed and circulated by means of circulars, an advertisement which purported to be a quotation from an order of the Federal Trade Commission in certain proceedings instituted and

carried on by said Federal Trade Commission against certain "regular dealers" of lumber, wherein such dealers were charged with unfair methods of competition in interstate commerce, such advertisements being in the words and figures as follows, to wit:

FEDERAL TRADE COMMISSION SAYS "MARAUDING TACTICS OF UNFAIR COMPETITION MUST CEASE."

A victory has been won for you and for us.

Through coercion, threats, misrepresentation, and subterfuge, retail lumber dealers have for years attempted to prevent us from selling to you and to keep you from buying from us.

Now, the Federal Trade Commission has stepped in, and said: "No interference! A square deal for everybody." From now on you can buy wherever you please without being bothered, boycotted, or bluffed.

There is only one reason, of course, why the concerns against whom this Government order has been issued, followed these unfair methods. They knew that Gordon-Van Tine's immense buying resources, systematized operations, and big volume of business enabled us to undersell them in their own market and "give better value."

And when they couldn't compete fairly, they attempted to do it unfairly.

We could ask no better evidence of our ability to furnish you the highest-grade building material at less-than-local dealers prices than the situation which occasioned this Federal ruling,

following which is set out a list of the "regular dealers" against whom the aforesaid order was issued. That the above advertisement so printed and circulated is false, misleading, and a gross misrepresentation of the terms of the said order issued by the Commission in the aforementioned proceeding and it does not fairly and truthfully represent to the public the Commission's order in the said proceeding. That the aforesaid advertisement so printed and circulated was calculated and designed to, and did deceive the trade and general public.

PAR. 4. That, in the course of its business of selling lumber and building materials in interstate commerce the respondent, Gordon-Van Tine Co., for more than two years last past did offer to pay to local contractors, builders, and carpenters a bonus or so-called commission without the knowledge of the purchaser or consumer, as an inducement to influence such contractors or builders to push or favor the sale of respond-

ent's lumber and building materials over those of its competitors.

PAR. 5. That the respondent, Gordon-Van Tine Co., for more than two years last past has circulated, by means of catalogue and letters, statements and advertisements throughout the various States and Territories of the United States among customers and prospective customers of competitors, wherein it is represented, stated and held out that—

(a) The United States Government vouches for, and guarantees the reliability, honesty, and business methods of the respondent; and that such statements carry the impression that the Post Office Department censors respondent's advertising matter;

(b) Respondent manufactures all the lumber products which it sells, thereby giving customers the benefit of mill or manufacturer's prices;

(c) Certain competitors of respondent are members of the Lumber Trust, by means of which excessive and unreasonable prices for lumber and building materials are fixed and maintained;

(d) Respondent is the only firm that makes prices both ways on lumber material, i. e., ready-cut-to-fit, and not ready-cut;

(e) Respondent saves for the purchasers of its products an amount of \$200 to \$500 per building of what such purchaser or consumer would be compelled to pay if purchased from a "regular dealer."

That such statements and advertisements are false, deceptive, and misleading and do unfairly tend to, and do, deceive and mislead such purchasers, and further do injure, damage, and discredit the so-called "regular dealers" and create and foster a suspicion in the minds of prospective purchasers of lumber and building materials that such "regular dealers," as a class, do not deal fairly, and that such advertisements are calculated and designed to, and do, deceive the trade and general public.

CONCLUSIONS.

That the methods of competition set forth in the foregoing findings as to the facts in paragraphs 3, 4, and 5, 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 an act of Congress approved September 26, 1914, entitled "An act to create a Federal Trade Commission, to definite 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, Gordon-Van Tine Co., having entered its appearance by H. V. Scott, Esq., its vice president, duly authorized and empowered to act in the premises, and having filed its answer, and thereafter having made, executed, and filed an agreed statement of facts, in which it was stipulated and agreed that the Federal Trade Commission should take such agreed statement of facts as the evidence in this case and in lieu of testimony and proceed forthwith upon the same to make and enter its report, stating its findings as to the facts and its conclusions and its order without the introduction of testimony, and waiving therein any and all right to require the introduction of testimony or the presentation of argument in support of the same, and the Federal Trade Commission, having made and entered its report stating its findings as to the facts, and its conclusions that the Gordon-Van Tine Co. has violated section 5 of an 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: Now, therefore,

It is ordered, That the respondent, Gordon-Van Tine Co., its officers, agents, representatives, servants, and employees cease and desist from directly or indirectly—

(1) Printing or causing to be printed, circulating or causing to be circulated, orders, findings, and other public records of the Federal Trade Commission unless the whole of the order, findings, or public record of said Commission be printed in full and in the exact wording of the Commission without any interpretation of, addition to, or subtraction from such order, findings, or public record, as made and entered by the Commission.

(2) Paying and offering to pay to local contractors, builders, and carpenters, a bonus or a commission without the

knowledge of the purchaser or consumer as an inducement to influence such contractors and builders to push or favor the sale of respondent's lumber and building materials over those of its competitors.

(3) From publishing and circulating among its customers and prospective customers, catalogs, letters, and advertisements containing the following, or any statement similar thereto, which tend to deceive or to mislead purchasers and the general public into the belief that—

(a) The United States Government vouches for and guarantees the reliability, honesty, and business methods of the respondent, and that such statements carry the impression that the Post Office Department censors respondent's advertising matter;

(b) Respondent manufactures all the lumber products which it sells, thereby giving customers the benefit of mill or manufacturer's prices;

(c) Certain competitors of respondent are members of the Lumber Trust, by means of which excessive and unreasonable prices for lumber and building materials are fixed and maintained;

(d) Respondent is the only firm that makes prices both ways on lumber material, i. e., ready-cut-to-fit, and not ready cut;

(e) Respondent saves for all purchasers of its products an amount from \$200 to \$500 per building on what such purchaser or consumer would be compelled to pay if purchased from a "regular dealer."