

respondent from issuing price lists or printed prices in its advertising matter, or upon containers, of its said products, so long as respondent shall refrain from directly or indirectly recommending, requiring, or by any means whatsoever, bringing about the resale of such products at such resale prices.

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## FEDERAL TRADE COMMISSION *v.* C. W. BAKER & SONS.

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

Docket No. 194.—May 27, 1919.

### SYLLABUS.

Where a firm engaged in the sale, as exclusive agents, of canned goods under its own brand—

(a) Entered into contracts with jobbers and wholesalers by the terms of which it required of them:

- (1) Not to resell its products at prices less than those fixed by it;
- (2) Not to sell, loan, or exchange such goods to or with any dealer who had not signed a similar contract or who, having signed one, had violated it;
- (3) To give said firm, in case a violation of any such contracts was alleged, the name of the violator and other particulars respecting such violation; and,
- (4) To forfeit and pay a penalty of \$100 for failure or refusal to make, upon request, an affidavit denying the violation of any such contracts;

(b) Agreed to pay the sum of \$100 for information of the violation of any such contracts;

(c) Agreed to pay a rebate at a future date, in addition to the usual discount for cash, conditioned upon the terms of such contracts having been adhered to; and,

(d) Carried out the terms of said contracts and enforced the observance thereof by jobbers and wholesalers:

*Held*, That a scheme of resale price maintenance, substantially as described, 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 P. T.

Baker, F. E. Baker, and A. L. Baker, copartners, doing business under the firm name and style of C. W. Baker & Sons, 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 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 thereto 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 respondents, P. T. Baker, F. E. Baker, and A. L. Baker are copartners doing business under the firm name and style of C. W. Baker & Sons, having their principal office and place of business located in the town of Aberdeen, State of Maryland, and are now and were at all times hereinafter mentioned engaged in the business of selling canned goods and products throughout the States of the United States, the Territories thereof, the District of Columbia, and foreign countries in direct competition with other persons, firms, copartners, and corporations similarly engaged.

PAR. 2. That in the conduct of their business respondents purchase the aforesaid canned goods and products in the various States of the United States and Territories and transport the same through other States and Territories in and to the town of Aberdeen, State of Maryland, which are sold and shipped to purchasers thereof in different States and Territories of the United States and the District of Columbia, and there is continuously and has been at all times herein mentioned a constant current of trade and commerce in said canned goods and products among and between the various States and Territories of the United States, the District of Columbia and foreign countries, and especially to and through the town of Aberdeen, State of Maryland, and therefrom to and through other States and Territories of the United States, the District of Columbia and foreign countries.

PAR. 3. That with the intent, purpose, and effect of stifling and suppressing competition in the manufacture and sale of

their canned goods and products in interstate commerce, the respondents have adopted and maintain a system of fixing prices at which their products shall be resold by dealers, with the effect of securing the trade of dealers and of enlisting their active cooperation in enlarging the sale of their price-maintained product, to the prejudice of competitors who do not fix and require the maintenance of resale prices of canned goods and products, and with the effect of eliminating competition in prices among the dealers in their canned goods and products and thereby depriving dealers of their right to sell such canned goods and products, at such prices as they may deem adequate and warranted by their selling efficiency, and with other effects; and that for the purpose of maintaining said standard resale prices and of inducing and compelling their customers to maintain and keep such standard prices, respondents have for more than two years last past—

(a) Refused and are still refusing to sell their canned goods and products to customers or dealers who will not agree to maintain such specified standard resale prices, or who do not resell such canned goods and products at the specified standard selling prices so fixed and determined by the respondent as aforesaid.

(b) Made and entered into contracts with their customers by the terms of which a penalty of \$100 is imposed upon such customers who do not maintain such specified standard resale prices as set forth in said contract, or who do not resell such canned goods and products at the specified standard selling prices so fixed and determined by the respondents as aforesaid.

(c) Made and entered into contracts and agreements with certain of their customers by the terms of which they pay such customers semiannually rebates varying from 10 to 12½ cents per dozen of the total amount of canned goods and products purchased by them within such period, in consideration that such customers or dealers will maintain and keep such specified standard resale prices as set forth in said contracts, or who do not resell such canned goods and products below the specified standard selling price so fixed and determined by the respondents as aforesaid.

## 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 respondents, C. W. Baker & Sons, have been and now are 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 respondents having entered their appearance by Stevenson A. Williams and Philip H. Close, their attorneys, and having filed their answer herein, and said attorneys having signed and filed an agreed statement of facts wherein and whereby it was stipulated and agreed that said statement of facts, together with the exhibits thereto annexed, should be taken by the Commission as testimony and evidence herein, and that the Commission might forthwith proceed thereupon to adjudicate the above entitled matter in accordance with the law, the Commission now makes its report and findings as to the facts and conclusions, as follows:

### FINDINGS AS TO THE FACTS.

PARAGRAPH 1. That respondents, P. Tevis Baker, Frank E. Baker, and A. Lynn Baker, at present constitute the firm of C. W. Baker & Sons, having their principal office and place of business located in the town of Aberdeen, State of Maryland; that for some years prior to the 1st day of January, 1918, said firm was composed of Charles W. Baker together with the said P. Tevis Baker and Frank E. Baker, and on said 1st day of January, 1918, the said A. Lynn Baker was admitted as a partner in said firm, and thereafter in the month of June, 1918, the said Charles W. Baker departed this life; that for more than two years last past the said firm has been and now is engaged in the business of selling canned goods as factors and commission merchants throughout the States and Territories of the United States and the District of Columbia, in direct com-

petition with other persons, firms, copartnerships, and corporations similarly engaged.

PAR. 2. That in the conduct of their said business respondents as such copartners as aforesaid have for more than two years last past been and still are acting as the exclusive selling agents of certain canned goods known as "Bakers' Canned Corn," which products are put up and canned by the owners of certain canning factories located in the States of Maryland and Delaware.

PAR. 3. That the quantity of such products so sold and distributed by respondents, as such exclusive agents of the manufacturers thereof, was and is substantial and the same forms an important item of commerce among the several States and Territories of the United States and the District of Columbia, and respondents sell and distribute the same through wholesalers and jobbers residing and doing business in the several States and Territories of the United States and District of Columbia.

PAR. 4. That prior to the 1st day of January, 1918, respondents in making sales of said "Bakers' Canned Corn" to wholesalers and jobbers required said purchasers, in many instances, to enter into agreements or contracts in the form designated "Contract governing sale of Bakers' canned corn," annexed to respondents' answer herein, and a copy of which is annexed to and made a part of said agreed statement of facts and marked "Exhibit A."

PAR. 5. That each of the purchasers signing such agreements was required to and did agree not to sell or cause to be sold said "Bakers' Canned Corn" for less than the prices specified in said agreements, and said agreements were by the terms thereof made equally binding on all sales of said corn made by said purchasers respectively, whether said goods were on hand at the time of making said agreements or came into purchasers' possession thereafter.

PAR. 6. That in and by said agreements it was further provided that C. W. Baker & Sons, the respondents, should have authority to order an increase or reduction in the selling price named therein, and that upon receipt of such increase or reduction the purchasers signing said agree-

ments agreed thereafter to sell said corn at the price named in said notices.

PAR. 7. That in and by said agreements said purchasers of said "Bakers' Canned Corn" were further required to agree that they would refuse to sell at any price or loan or exchange for other goods, any of said "Bakers' Canned Corn" to any dealer who had not signed a similar agreement, or who had violated such agreement, or who was selling said goods for less than the price named therein; and each of said purchasers further agreed that in case a charge of violating said agreement should be made, he or they would, if requested by respondents, give the name of the person making such sale, and such other particulars as respondents might desire, and that refusal to do this should be conclusive evidence against said purchaser that such charge was true.

PAR. 8. That each of said purchasers signing said agreement agreed to pay respondents the sum of \$100 in case any employee of said purchaser refused, when requested by respondents, to make an affidavit denying an accusation of violating said agreement, and such refusal was agreed to be conclusive evidence against said employee that said charge was true; and said respondents, C. W. Baker & Sons, agreed to pay the sum of \$100 to the parties making or furnishing proof of any such charges.

PAR. 9. That respondents used a sales contract in connection with said agreement with purchasers of said "Bakers' Canned Corn," hereinbefore referred to, which sales contract was in form similar to Exhibit B, attached to said agreed statement of facts herein.

PAR. 10. That said sales contracts contained the following clause:

Terms: Cash in 10 days less 2 per cent, with an additional rebate of ----- cents per doz. -----, 191---, on condition only that your contract bearing even date herewith, has been kept.

PAR. 11. That at times respondents made sales of said "Bakers' Canned Corn" to purchasers who objected to entering into said agreements, without requiring the execution thereof on the part of said purchasers.

PAR. 12. That at the close of the year 1917 the owners of said brand determined to discontinue the use of said contract, and have discontinued the use thereof, and do not intend to make use of it at any time in the future, and said owners have offered and are ready and willing to come into this proceeding and to stipulate herein that at no time hereafter shall said agreements or any agreement of like import and effect be made use of in the sale of the said "Bakers' Canned Corn."

#### CONCLUSIONS.

That the methods of competition set forth in the foregoing findings as to the facts are, under the circumstances herein 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 respondents having entered their appearance by Stevenson A. Williams and Philip H. Close, their attorneys, and having filed their answer and agreed statement of facts, wherein it was stipulated that the Commission shall forthwith proceed thereupon to adjudicate the above entitled matter in accordance with law, and the Commission having made and filed its report containing its findings as to the facts and its conclusions that the respondents have 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 referred to and made a part hereof: Now, therefore,

*It is ordered*, That the respondents, C. W. Baker & Sons, of Abedreen, Md., and the members, agents, servants, and employees of said firm, cease and desist from—

(1) Requiring purchasers of "Bakers' Canned Corn" to enter into any agreements or contracts in the form designated as "Contract governing sale of Bakers' canned corn," at—

tached to respondents' answer herein, or any agreements or contracts of like import or effect;

(2) Entering into or requiring purchasers of "Bakers' Canned Corn" to enter into any agreements or contracts in any form whatever to the effect that said purchasers will, in reselling said "Bakers' Canned Corn" adhere to or observe prices fixed or determined by respondents, or by the owners of said brand:

(3) Requiring purchasers of "Bakers' Canned Corn" to enter into any agreements or contracts wherein or whereby said purchasers shall be required to promise or agree not to sell or cause to be sold said "Bakers' Canned Corn" for less than the prices specified in said agreements;

(4) Imposing any penalties whatever on such purchasers for failure to adhere to or observe such prices;

(5) Granting rebates to such purchasers for adhering to or preserving such prices.

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**FEDERAL TRADE COMMISSION v. ALLEN SALES SERVICE (INC.), C. LOUIS ALLEN AND WILLIAM H. YETMAN.**

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

**Docket No. 223.—May 27, 1919.**

**SYLLABUS.**

Where an employee of a corporation, engaged in the sale and distribution of fire extinguishers and similar products, who had been an employee of a concern handling competitive goods—

- (a) Secretly abstracted confidential trade information from the records of the latter concern while in its employ;
- (b) Obtained the sole selling agency of the goods theretofore handled by the competing concern through false and misleading representations;
- (c) Offered to give and gave to employees of the United States interested in the purchase of goods for the Government, gratuities, such as liquors, cigars, meals, theater tickets, and other presents, as an inducement to influence them to purchase goods of the donor corporation:

*Held*, That such acts on the part of said employee 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 Allen Sales Service (Inc.), C. Louis Allen, and William H. Yetman, 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 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, Allen Sales Service (Inc.), is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, having its office and principal place of business in the city and State of New York, now, and ever since the date of its incorporation, to wit: The first day of April, 1918, engaged in the business of selling and distributing fire extinguishers, fire appliances, and similar products generally in commerce throughout the several States of the United States, the Territories thereof, and the District of Columbia, in direct competition with other persons, firms, copartnerships and corporations similarly engaged.

PAR. 2. That the respondents, C. Louis Allen and William H. Yetman, were the organizers, and are now, and have been since the date of its incorporation, the president and government representative, respectively, of the respondent, Allen Sales Service (Inc.), and had been for a long period of time immediately prior to its incorporation the president and manager of the fire appliance department, respectively, of the Pyrene Co., a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, having its principal office and place of business in the city and State of New York, now, and for more than two years last past, engaged in the sale and distribution of fire extinguishers, general fire appliances, and similar products generally in commerce throughout the several States of the

United States, the Territories thereof, and the District of Columbia, in direct competition with other persons, firms, copartnerships, and corporations similarly engaged.

PAR. 3. That the respondents, C. Louis Allen and William H. Yetman, by reason of the positions and offices of trust held by them in the said Pyrene Co., had access to and were in possession of said company's lists of customers and agents, and prospective customers and agents, lists of manufacturers from which the Pyrene Co. obtained its products and supplies, confidential price lists at which such products and supplies were purchased and sold, and other confidential information upon which to a large extent depended the successful continuance and growth of the business of the said Pyrene Co.

PAR. 4. That during the month of March, 1918, while still in the employ of the said Pyrene Co., the respondents, C. Louis Allen and William H. Yetman, disregarding the trusts imposed upon them by reason of their positions and offices, and with the intent, purpose, and effect of stifling and suppressing competition in the sale of fire extinguishers, general fire appliances, and similar products in commerce aforesaid, and for the purpose of obtaining for themselves and the respondents, Allen Sales Service (Inc.), which they at that time were organizing, an undue and unfair advantage in the sale of such products, took, carried out, and appropriated to their own use and benefit, without the knowledge or consent of said Pyrene Co., the matter contained in the aforesaid lists of customers, agents, prospects, manufacturers, and prices, and other confidential information and trade secrets, and thereafter respondents used, and have attempted to use, said lists, confidential information, and trade secrets, for the purpose of securing exclusive contracts for the purchase of the products of the various manufacturers from whom the said Pyrene Co. had been accustomed to purchase its stock in trade, and for the purpose of securing the customers and prospective customers, and the agents and prospective agents theretofore belonging to the said Pyrene Co.

PAR. 5. That, with the intent, purpose, and effect of stifling and suppressing competition in the sale and distribution of fire extinguishers, fire appliances, and similar prod-

ucts in commerce aforesaid, respondent, Allen Sales Service (Inc.), within the year last past, by means of false and misleading statements regarding the business plans of the said Pyrene Co., made by and through the respondents, C. Louis Allen and William H. Yetman, while said C. Louis Allen and William H. Yetman were in the employ of, and drawing salaries from, said Pyrene Co., and otherwise, endeavored to, and did, induce and persuade certain manufacturers, with whom the Pyrene Co. had contracts for obtaining its fire extinguishers and general fire appliances, to break and rescind said contracts and sell their entire products exclusively to the respondent, Allen Sales Service (Inc.), thereby cutting off the source from which said Pyrene Co. might, and did, obtain its supplies.

PAR. 6. That, with the intent, purpose, and effect of stifling and suppressing competition in commerce aforesaid in the sale of fire extinguishers, general fire appliances, and similar products, the respondent, Allen Sales Service (Inc.), within the year last past placed its employees in the office of a manufacturer, with whom the aforesaid Pyrene Co. had contracts for obtaining its fire extinguishers and other products, and from whom the respondent, Allen Sales Service (Inc.), was endeavoring to secure a contract for said manufacturer's entire output, for the purpose of securing knowledge and information concerning all the business dealings had between the said manufacturer and the said Pyrene Co., thereby enabling and assisting the respondent, Allen Sales Service (Inc.), in its efforts to learn and obtain the names of the customers and other trade secrets and information belonging to and concerning the said Pyrene Co.

PAR. 7. That the respondents, Allen Sales Service (Inc.), C. Louis Allen and William H. Yetman, within the year last past, with the intent, purpose, and effect of stifling and suppressing competition in the sale and distribution of fire extinguishers, general fire appliances, and similar products in commerce aforesaid, have induced employees of the said Pyrene Co. to leave their employment by offering such employees employment with respondents at and for higher wages, and by divers other means and methods, all of which was calculated and designed to harass and restrain said Py-

rene Co. in the conduct of its business and demoralize and break down its organization.

PAR. 8. That, within the year last past, it was determined by certain purchasing departments of the United States Government that henceforth all supplies were to be purchased direct from the manufacturers thereof, and not through jobbers or manufacturers' agents, and the effect of this determination or ruling was to exclude persons, firms, copartnerships, and corporations, including the respondent, Allen Sales Service (Inc.), and said Pyrene Co., engaged in the sale but not the manufacture of fire extinguishers, general fire appliances, and other products, from further sales of the same to the Government, and thereafter the respondent, Allen Sales Service (Inc.), with the intent, purpose, and effect of stifling and suppressing competition in the sale and distribution of fire extinguishers, general fire appliances, and other products in commerce aforesaid, caused various manufacturers to establish branch offices in the offices of the respondent, Allen Sales Service (Inc.), whereby said respondent was enabled to contract with the United States Government in the sale of its products in the names of such manufacturers and earn and receive large commissions on such sales, without the knowledge or consent of the United States Government, and that such practices were calculated, designed to, and did, cause the United States Government to believe that it was obtaining the lowest net prices from manufacturers and not paying for the services of commission men, brokers, middlemen, or jobbers.

PAR. 9. That, with the intent, purpose, and effect of stifling and suppressing competition in interstate commerce in the sale and distribution of fire extinguishers, general fire appliances, and like products, in commerce aforesaid, the respondents, within the year last past, have been systematically and on a large scale giving and offering to give to the employees of both its customers and prospective customers and to officers of the armed forces of the United States and other persons concerned in the conduct of the war as an inducement to influence their employers and the United States Government to purchase, or contract to purchase, from the respondents fire extinguishers, general fire appliances, and

like products, without other consideration therefor, gratuities, such as liquor, cigars, meals, theater tickets, valuable presents, and other personal property.

## REPORT, FINDINGS AS TO THE FACTS, AND ORDER.

The Federal Trade Commission, having issued and served its complaint herein, in which it is alleged that it had reason to believe that the above-named respondents, Allen Sales Service (Inc.), C. Louis Allen, and William H. Yetman, have been and now are 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 this respect will be to the interest of the public and fully stating its charges in this respect and the respondents, Allen Sales Service (Inc.) and C. Louis Allen, having entered their appearance by Jesse C. Adkins, their attorney, duly authorized and empowered to act in the premises, and having filed their answer admitting certain of the matters and things alleged and set forth in the said complaint and denying others therein contained, and it being desirous to bring the matter to a conclusion as expeditiously as possible, an agreed statement of facts was entered into, wherein it was stipulated and agreed that the Federal Trade Commission should take such agreed statement of facts and affidavits supplementary thereto as the evidence in this case, same to be taken in lieu of testimony and upon the same to forthwith make and enter its report, stating its findings as to the facts and its conclusions and its order, and the said agreed statement of facts and affidavits having been heretofore duly filed with this Commission, 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, Allen Sales Service (Inc.), is now and for more than one year last past has been a corporation, organized, existing, and doing business under

and by virtue of the laws of the State of Delaware, having its principal office and place of business located at the city of New York, in the State of New York. That since its organization said respondent has been engaged in the business of selling and distributing in commerce throughout the United States a general line of labor-saving devices, fire-fighting appliances, and other products, in direct competition with other corporations, partnerships, and persons similarly engaged; that the respondent, C. Louis Allen, is now and has been continuously since its organization the duly qualified and acting president of said Allen Sales Service (Inc.); that the respondent, William H. Yetman, was prior to October 14, 1918, the duly qualified and acting vice president of said Allen Sales Service (Inc.), but on said date said Yetman resigned as vice president of said Allen Sales Service (Inc.) and on November 15, 1918, sold all his stock in said corporation and entirely severed his connections with said respondent, Allen Sales Service (Inc.).

PAR. 2. That immediately prior to the organization of the Allen Sales Service (Inc.) the respondents, C. Louis Allen and William H. Yetman, were, respectively, president and manager of the fire appliance department of the Pyrene Manufacturing Co., a corporation organized under the laws of the State of Delaware, with principal place of business in the city and State of New York; that said Pyrene Manufacturing Co. was engaged in the sale and distribution in commerce throughout the United States of a general line of fire appliances, including a 1-quart fire extinguisher on which it specialized; that the Allen Sales Service (Inc.) is not interested in either the manufacture or sale of a 1-quart extinguisher.

PAR. 3. That said respondents, C. Louis Allen, and William H. Yetman, immediately prior to April 1, 1918, in the course of their duties as officials in the corporate organizations of the Pyrene Manufacturing Co. had access to the books, records, and files of that corporation, and the respondent, William H. Yetman, took from the files of said corporation certain card records of the prices of commodities purchased by him while an officer of that corporation; that the taking of said records by said respondent, William H. Yetman, was at

the time unknown to the respondent, C. Louis Allen, and upon the matter being brought to the attention of said Allen, the said records and copies thereof were returned to the Pyrene Manufacturing Co.

PAR. 4. That prior to April 1, 1918, the Pyrene Manufacturing Co. was selling and distributing a line of fire fighting appliances, made by a manufacturer in Illinois, and in April of said year, the respondent, William H. Yetman, acting as an officer of the respondent, Allen Sales Service (Inc.), and in its behalf, entered into a contract with said manufacturer, whereby said Allen Sales Service (Inc.) became the sole selling agent for the appliances theretofore sold and distributed by said Pyrene Manufacturing Co.; that said manufacturer in entering into said contract with the respondent, Allen Sales Service (Inc.), relied upon certain misstatements, made by the respondent, William H. Yetman, to the effect, among other things, that the Pyrene Manufacturing Co. was about to discontinue handling such articles, but upon learning the facts, as stated, the respondent, C. Louis Allen, returned said contract to the said manufacturer and same was canceled by mutual consent and a new contract was made by the terms of which the respondent, Allen Sales Service (Inc.), became the selling agent for said manufacturer, for its said appliances except such as should be sold by it directly to the said Pyrene Manufacturing Co., which contract is still in force.

PAR. 5. That after April 15, 1918, and prior to October 14, 1918, the respondent, William H. Yetman, then in charge of the office and business of the respondent, Allen Sales Service (Inc.), offered and gave to officers of the armed forces of the United States and other persons concerned in the conduct of the war and who had to do with purchases of supplies for said armed forces, gratuities such as liquors, cigars, meals, theater tickets, and other presents as an inducement to influence such persons to purchase appliances from said Allen Sales Service (Inc.).

#### CONCLUSIONS.

That the methods of competition of the respondent, William H. Yetman, set forth in the foregoing findings as to the facts 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 respondents, Allen Sales Service (Inc.), and C. Louis Allen, having entered their appearance by Jesse C. Adkins, their attorney, duly authorized and empowered to act in the premises, and having filed their answers admitting certain of the matters and things alleged and set forth in the said complaint, and denying others therein contained, and thereafter having made and executed an agreed statements of facts, wherein it was stipulated and agreed by and between the Commission and the said respondents that the Commission should forthwith proceed upon such agreed statement of facts and affidavits filed therewith, to make and enter its report and findings as to facts, and its conclusions and its order disposing of this proceeding, and the respondent, William H. Yetman, being duly served with a copy of the complaint herein, and having failed to make and enter his appearance herein, and being now in default, and the Commission having made and entered its report stating its findings of fact and its conclusions that the respondent, William H. Yetman, 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, William H. Yetman, and his agents, servants, representatives, and employees, cease and desist from directly or indirectly—

1. Secretly taking or procuring the card records of the price of commodities or other confidential information from the records and files of any competitor of the respondent, Allen Sales Service (Inc.).

2. From making false and misleading statements to any customer or prospective customer of any competitor of the respondent, Allen Sales Service (Inc.), concerning the con-

duct of such competitor's business, which might have a tendency to cause such customer or prospective customer to refrain from doing business or entering into contracts of purchase with such competitor.

3. From giving and offering to give to officers of the armed forces of the United States and to other persons concerned in the conduct of the war, who have to do with purchases by the United States, gratuities such as liquors, cigars, meals, theater tickets, and other presents as an inducement to influence them to purchase or to contract to purchase from the respondent, Allen Sales Service (Inc.).

*It is further ordered*, that the complaint herein be dismissed without prejudice as to the respondents, Allen Sales Service (Inc.), and C. Louis Allen.

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## FEDERAL TRADE COMMISSION *v.* WALL ROPE WORKS (INC.).

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

Docket No. 232.—May 27, 1919.

### SYLLABUS.

Where a corporation engaged in the manufacture and sale of rope, oakum, and cordage gave and offered to give to employees of customers, without the knowledge and consent of their employers, sums of money, as an inducement for them to influence their employers to purchase its goods or to refrain from dealing with its competitors: *Held*, That such gifts and offers to give, under the circumstances set forth, 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 Wall Rope Works (Inc.) hereinafter referred to as respondent, has been, for more than a year last past, 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 Com-

mission, 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 Wall Rope Works (Inc.) is a corporation, organized, and existing and doing business under and by virtue of the laws of the State of New Jersey, having its principal office and place of business at the city of New York, in the State of New York, and is now and for more than one year last past has been engaged in manufacturing and selling rope, oakum, and cordage throughout the States and Territories of the United States, 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 manufacturing and selling like products.

PAR. 2. That in the course of its business of manufacturing and selling rope, oakum, and cordage throughout the States and Territories of the United States, the respondent, for more than one year last past, has been secretly paying and offering to pay, to employees of both its customers and prospective customers, and its competitors' customers and prospective customers, without the knowledge and consent of their employers, sums of money as an inducement to influence their said employers to purchase or contract to purchase from the respondent, rope, oakum, and cordage, or to influence such customers to refrain from dealing, or contracting to deal with competitors of the respondent.

### 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, Wall Rope Works (Inc.), has been and is now 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 de-

fine 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 duly filed its answer, admitting certain allegations of said complaint and denying certain others thereof, and the Commission having offered testimony in support of its charges in said complaint, and the respondent having waived the right to offer testimony in its behalf, and the attorneys for the Commission and the respondent having submitted their briefs as to the law and the facts in said proceedings, the Commission now makes this report and findings as to the facts and conclusions:

#### FINDINGS AS TO THE FACTS.

First. That the respondent, Wall Rope Works (Inc.), is a corporation, organized, existing, and doing business under and by virtue of the laws of the State of New Jersey, having its principal office at Beverly, said State; that it also has an office and place of business in the city of New York, State of New York, and is now, and for more than one year last past, has been engaged in manufacturing and selling rope, oakum, and cordage throughout the various States and Territories of the United States, and that all times hereinafter mentioned said respondent has carried on and conducted said business in direct competition with other persons, firms, co-partnerships, and corporations manufacturing and selling like products.

Second. That the said respondent, Wall Rope Works (Inc.), in the course of its business of manufacturing and selling rope, oakum, and cordage throughout the States and Territories of the United States for more than one year last past, has been paying to employees of customers without the knowledge and consent of their employers and without other consideration therefor, sums of money as an inducement to influence their employers to purchase or contract to purchase from said respondent, rope, oakum, and cordage, or to influence such customers to refrain from dealing or contracting to deal with competitors of the respondent.

## CONCLUSIONS.

That the methods set forth in the foregoing findings of fact under all the circumstances therein set forth, are unfair methods of competition 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 having filed its answer, admitting certain allegations of the complaint and denying certain others thereof, and the Commission having offered testimony in support of its charges in said complaint, and the respondent having waived the right to offer testimony in its behalf, and the attorneys for the Commission and the respondent having submitted their briefs as to the law and the facts in said proceeding, 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 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: Now, therefore,

*It is ordered*, that the said respondent, Wall Rope Works (Inc.), and its officers, directors, agents, representatives, servants, and employees cease and desist from directly or indirectly—

Giving or offering to give to the employees of its customers or prospective customers, or those of its competitors' customers or prospective customers, without the knowledge and consent of their employers, gratuities, such as money, cash bonuses or commissions, without other consideration therefor, as an inducement to influence their employers to purchase or to contract to purchase from the said respondent, Wall Rope Works (Inc.), rope, oakum, or cordage, or to cause such customers to refrain from dealing, or contracting to deal with competitors of the said respondent.

FEDERAL TRADE COMMISSION *v.* THE NEW JERSEY ASBESTOS CO.

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

Docket No. 233—May 27, 1919.

## SYLLABUS.

Where a corporation engaged in the manufacture and sale of engine packings gave and offered to give to employees of customers gratuities and entertainment as an inducement to influence their employers to purchase its goods or to refrain from dealing with its competitors:

*Held*, That such gifts and offers to give, under the circumstances set forth, 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 New Jersey Asbestos Co., hereinafter referred to as respondent, has been for more than a year 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 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 New Jersey Asbestos Co., is a corporation organized and existing and doing business under and by virtue of the laws of the State of New Jersey, having its principal office and place of business at the city of New York, in the State of New York, and is now and for more than one year last past has been engaged in manufacturing and selling engine packings composed of asbestos, metal and asbestos, flax, wood fiber, and kindred products, throughout the States and Territories of the United States, and that at all times hereinafter mentioned, the respondent has carried on and conducted such business in direct competition with other persons, firms, copartner-

ships, and corporations manufacturing and selling like products.

PAR. 2. That in the course of its business of manufacturing and selling engine packings composed of asbestos, metal and asbestos, flax, wood fiber and kindred products throughout the States and Territories of the United States, the respondent, for more than one year last past has been giving and offering to give, to employees of both its customers and prospective customers, and its competitors' customers and prospective customers, as an inducement to influence their employers to purchase or contract to purchase from the respondent, engine packings composed of asbestos, metal and asbestos, flax, wood fiber and kindred products, without other consideration therefor, gratuities such as liquor, cigars, meals, theater tickets, valuable presents and entertainment.

PAR. 3. That in the course of its business of manufacturing and selling engine packings composed of asbestos, metal and asbestos, flax, wood fiber, and kindred products, throughout the States and Territories of the United States, the respondent, for more than one year last past, has been paying and offering to pay, to employees of both its customers and prospective customers, and its competitors' customers and prospective customers, without the knowledge and consent of their employers, sums of money as an inducement to influence their said employers to purchase or contract to purchase from the respondent, engine packings composed of asbestos, metal and asbestos, flax, wood fiber, and kindred products, or to influence such customers to refrain from dealing or contracting to deal with competitors of the respondent.

### REPORT, FINDINGS AS TO THE FACTS, AND ORDER.

The Federal Trade Commission, having reason to believe from a preliminary investigation made by it that the New Jersey Asbestos Co., hereinafter referred to as the respondent, has been for more than one year 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 it appearing that a proceeding by it in respect thereto would be to the interest of the public, and fully stating its charges in that respect, and the respondent having filed its answer admitting that certain matters and things alleged in said complaint are true in the manner and form therein set forth, and denying others therein contained, and the Commission having offered testimony in support of its charges in said complaint, and the respondent having waived the right to offer testimony in its behalf, and the attorneys for the Commission and the respondent having submitted their briefs as to the law and the facts, the Commission makes this report and findings as to the facts and conclusions.

#### FINDINGS AS TO THE FACTS.

First. That the respondent, the New Jersey Asbestos Co., is a corporation, organized, existing and doing business under and by virtue of the laws of the State of New Jersey, having its principal office and place of business at the city of New York, in the State of New York, and is now, and for more than one year last past has been, engaged in manufacturing and selling engine packings composed of asbestos, metal and asbestos, flax, wood fiber, and kindred products, throughout the States and Territories of the United States, 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 manufacturing and selling like products.

Second. That said respondent, the New Jersey Asbestos Co., in the course of its business of manufacturing and selling engine packings composed of asbestos, metal and asbestos, flax, wood fiber, and kindred products throughout the States and Territories of the United States, for more than one year last past has been lavishly giving gratuities, such as liquor, cigars, meals, theater tickets, and entertainment to employees of customers as an inducement to influence their employers to purchase or to contract to purchase from the said respondent.

ent, the New Jersey Asbestos Co., engine packings composed of asbestos, metal and asbestos, flax, wood fiber, and kindred products, without other consideration therefor.

#### CONCLUSION.

That the methods set forth in the foregoing findings of fact, under all the circumstances therein set forth, are unfair methods of competition 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 said respondent, the New Jersey Asbestos Co., having filed its answer admitting certain allegations of the complaint and denying certain others thereof, and the Commission having offered testimony in support of its charges in said complaint, and the respondent having waived the right to offer testimony in its behalf, and the attorneys for the Commission and the respondent having submitted their briefs as to the law and the facts in said proceeding, 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 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: Now, therefore,

*It is ordered*, that the respondent, the New Jersey Asbestos Co., its officers, directors, agents, representatives, servants, and employees, cease and desist from, directly or indirectly—

Giving or offering to give to employees of its customers or prospective customers, or employees of any of its competitors' customers or prospective customers, as an inducement to influence their employers to purchase or to contract to purchase from the respondent engine packings of asbestos, metal

and asbestos, flax, wood fiber, and kindred products, or to influence such employers to refrain from dealing or contracting to deal with competitors of the respondent, without other consideration therefor, gratuities such as liquor, cigars, meals, theater tickets, valuable presents, or entertainment, con-