

MANUFACTURING CO.

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

Docket No. 261.—May 27, 1919.

SYLLABUS.

Where a corporation engaged in the manufacture and sale of soap and kindred products gave and offered to give to employees of customers, gratuities, entertainment, and presents, 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 Rome Soap Manufacturing Co., hereinafter referred to as respond-

ent, 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 Rome Soap Manufacturing Co., is a corporation organized and 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 at the city of Rome, in the State of New York, and is now and for more than one year last past has been engaged in manufacturing and selling soap 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.

PAR. 2. That in the course of its business of manufacturing and selling soap 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, soap and kindred products, without other consideration therefor, gratuities such as liquor, cigars, meals, valuable presents, and entertainment.

PAR. 3. That in the course of its business of manufacturing and selling soap 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, soap 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 that the above-named respondent, Rome Soap Manufacturing Co., 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 purpose," 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 having entered its appearance by McMahon & McMahon, its attorneys, duly authorized and empowered to act in the premises, and having 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 evidence in this case and in lieu of testimony, and shall forthwith thereupon make its report stating its findings as to the facts, its conclusions and its order disposing of this proceeding without the introduction of testimony or the presentation of argument; therefore, the Federal Trade Commission now makes and enters this its report stating its findings as to the facts and its conclusions.

FINDINGS AS TO THE FACTS.

PARAGRAPH 1. That the respondent, Rome Soap Manufacturing Co., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of New York, with its principal offices and place of business located at the town of Rome, in said State; that the said respondent is now and for more than one year last past has been engaged

in the manufacture and sale of soap and kindred products among 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 in the course of its business of manufacturing and selling soap and kindred products in interstate commerce, the respondent, Rome Soap Manufacturing Co., for more than one year last past has given and offered to give to employees of customers and prospective customers as an inducement to influence their employers to purchase or to contract to purchase from respondent soap and kindred products without other consideration therefor, gratuities such as liquors, cigars, meals, valuable presents, and entertainment.

CONCLUSIONS.

That the methods of competition set forth in the foregoing findings as to the facts under the circumstances therein set forth are 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, Rome Soap Manufacturing Co., having entered its appearance by McMahon & McMahon, its attorneys, 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 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, and to make and enter its report, stating its findings as to the facts, 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 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, its officers, agents, representatives, servants, and employees cease and desist from directly or indirectly—

1. Giving or offering to give employees of its customers or prospective customers or those of its competitors' customers or prospective customers as an inducement to influence their employers to purchase or to contract to purchase from the respondent soap 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 liquors, cigars, meals, valuable presents, and other personal property.

2. Giving and offering to give employees of its customers and prospective customers or those of its competitors' customers or prospective customers as an inducement to influence their employers to purchase or to contract to purchase from the respondent soap 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, entertainment, consisting of amusements or diversions of any kind whatsoever.