

FEDERAL COLOR & CHEMICAL CO.

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

Docket 282.—September 12, 1919.

SYLLABUS.

Where a corporation engaged in the manufacture and sale of dye-stuffs, chemicals, soap, and kindred products—

(a) gave and offered to give to employees of customers and of prospective customers, gratuities consisting of liquor, cigars, meals, valu-

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able presents, and other personal property, as an inducement for them to influence their employers to purchase its goods or to refrain from dealing with its competitors;

(b) gave and offered to give to employees of its customers and prospective customers, and of its competitors' customers and prospective customers, entertainment consisting of amusements and diversions of various kinds, as an inducement for them to influence their employers to purchase its goods or to refrain from dealing with its competitors; and

(c) gave and offered to give to employees of its customers and prospective customers, and of its competitors' customers and prospective customers, 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 Federal Color & Chemical Co., hereinafter referred to as respondent, is now and for more than a year last past has been 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 Federal Color & Chemical Co., a corporation organized and existing and doing business under and by virtue of the laws of the State of Massachusetts, having its principal office and place of business at the city of Boston, in the State of Massachusetts, is now, and for more than one year last past has been, engaged in manufacturing and selling dyestuffs, chemicals, 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 con-

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ducted such business in 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 dyestuffs, chemicals, soap, and kindred products throughout the States and Territories of the United States the respondent is now, and for more than one year last past has been, secretly 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 dyestuffs, chemicals, 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 dyestuffs, chemicals, soap, and kindred products throughout the States and Territories of the United States the respondent is now, and for more than one year last past has been, secretly paying and offering to pay and loaning and offering to loan 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 dyestuffs, chemicals, 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 issued and served its complaint herein, wherein it is alleged that it had reason to believe that the above-named respondent, the Federal Color & Chemical 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

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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 filed its answer admitting that the matters and things alleged in the said complaint are true in the manner and form therein set forth, and agreeing and consenting that the Commission shall forthwith proceed to make and enter its report, stating its findings as to facts, 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, the Commission makes this report and findings as to the facts and conclusions:

FINDINGS AS TO THE FACTS.

PARAGRAPH 1. That the respondent, the Federal Color & Chemical Co., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Massachusetts, with its home office located at the city of Boston, in said State of Massachusetts, now and for more than one year last past engaged in the business of manufacturing and selling dyestuffs, chemicals, soap, and kindred products generally in commerce throughout the States and Territories of the United States in direct competition with other persons, firms, copartnerships, and corporations manufacturing and selling like products.

PAR. 2. That for more than one year last past the respondent has given and offered to give employees of both its customers and prospective customers, as an inducement to influence their employers to purchase or to contract to purchase from the respondent dyestuffs, chemicals, 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 consisting of liquor, cigars, meals, valuable presents, and other personal property.

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PAR. 3. That for more than one year last past the respondent has given and offered to give 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 to contract to purchase from the respondent, dyestuffs, chemicals, 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 and diversions of various kinds and description.

PAR. 4. That for more than one year last past the respondent has given and offered to give 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 to contract to purchase from the respondent dyestuffs, chemicals, 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, sums of money.

CONCLUSIONS.

That the methods of competition set forth in the foregoing findings as to facts in paragraphs 2, 3, 4, and each and all of them, are under the circumstances therein set forth, unfair methods of competition in interstate commerce in violation of the provisions of section 5 of the act of Congress approved September 26, 1914, entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes."

ORDER TO CEASE AND DESIST.

The Federal Trade Commission, having issued and served its complaint herein, and the respondent having filed its answer admitting that the matters and things alleged and contained in the said complaint are true in the manner and

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form therein set forth and agreeing and consenting that the Commission shall forthwith proceed to make and enter its report stating its findings as to the facts 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," which said report is hereby referred to and made a part hereof: Now, therefore,

It is ordered, That the respondent, the Federal Color & Chemical Co., and its officers, directors, agents, 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 dyestuffs, chemicals, 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, theater tickets, valuable presents, and other personal property.

(2) 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 dyestuffs, chemicals, 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.

(3) Giving or offering to give employees of its customers or prospective customers, or those of its competitors' cus-

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tomers or prospective customers, as an inducement to influence their employers to purchase or to contract to purchase from the respondent dyestuffs, chemicals, 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, money.

NOTE.—The cases in the following table involve substantially the same set of facts as the preceding case, namely, gifts of money to and, in some instances, entertainment of, customers and prospective customers of the donor and of the donor's competitors; also in some instances the giving of gratuities, such as liquor, cigars, meals, presents, and other personal property to customers and prospective customers of the donor:

TABLE.

Date.	Dock. No.	Respondent.	Location.	Commodity.	Answer, stipulation, or trial.
1919 Sept. 12	286	Harry Bentley (doing business as The Standard Soap Co.).	Camden, N. J....	Soap and kindred products.	Answer and consent.
12	287	Charles J. Fox.....	Philadelphia, Pa	do.....	Do.
12	288	J. L. Quimby (doing business as J. L. Quimby & Co.).	New York City..	Lubricating oils, greases, and kindred products.	Do.
12	290	Enterprise Soap Works, Inc.	Philadelphia, Pa	Soap.....	Do.
12	291	The Arabol Mfg. Co.	New York City..	Sizing, soap, glue, and kindred products.	Stipulation.
12	292	Roxbury Chemical Works, Inc.	Boston, Mass....	Soap and kindred products.	Answer and consent.
12	294	O. P. Olsen & Co., Inc.	New York City.	Grain, preserved meats, fish, rope, oil, paints, other ship supplies, and kindred products.	Do.
12	295	Edward P. Bosson and Nehemiah H. Lane (doing business as Bosson & Lane).	Quincy, Mass....	Dyes, soap, and kindred products.	Do.
12	300	Robert Cohn and Adolph Cohn (doing business as Lois Cohn & Sons).	Bayonne, N. J....	Meats, produce, and other food products, and supplies for ships.	Do.

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