KRONEBERGER & CO.

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

Docket 508.—May 26, 1914.

SYLLABUS.

Where a corporation engaged in the purchase and sale of coffee, tea, sugar, and cocoa leased coffee urns to proprietors of cafes and restaurants in various cities without other consideration than that such proprietors would purchase all or approximately all of their supplies of coffee from said corporation:

Held, That the use of such leases constituted, under the circumstances set forth, 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 C. H. Kroneberger and W. M. Kroneberger, partners, styling themselves C. H. Kroneberger & Co., hereinafter referred to as the respondents, have within the year last past violated and are violating section 5 of the act of Congress approved September 26, 1914, entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," and it appearing that a proceeding by it in respect thereof would be to the interest of the public, issues this complaint, stating its charges in this respect on information and belief, as follows:

PARAGRAPH 1. That the respondents, C. H. Kroneberger and W. M. Kroneberger, partners, styling themselves C. H. Kroneberger & Co., have their principal office and place of business in the city of Baltimore, in the State of Maryland, and are now, and at all times hereinafter mentioned have been, engaged in the business of dealing in coffee and tea, purchasing same in wholesale quantities in the various States of the United States and in foreign countries, causing same

to be transported from points outside the State of Maryland to their place of business in Baltimore, Md., where said commodities are resold by respondents in wholesale quantities in the State of Maryland and States adjacent thereto, and in the District of Columbia, and there is continuously, and has been at all the times herein mentioned, a constant current of trade and commerce in the commodities dealt in by said respondents, as aforesaid, between and among the various States and Territories of the United States, the District of Columbia, and foreign countries; and that said respondents in the conduct of their said business have been in direct active competition with other individuals, partnerships, and corporations similarly engaged.

PAR. 2. That said respondents in the conduct of their business, as set out in paragraph 1 herein, with the purpose, intent, and effect of stifling and suppressing competition in the sale of coffee and tea, have adopted the practice of leasing or loaning coffee urns to customers engaged in the business of conducting lunch rooms and restaurants, upon the expressed agreement that such customers would thereafter purchase from respondents all coffee and tea used by them in the conduct of their respective businesses, and without other consideration.

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. H. Kroneberger and W. M. Kroneberger, 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 that respect would be to the interest of the public and fully stating its charges in this respect, and the respondents having entered their appearance by Henry Zoller, Jr., their attorney, and having filed their answer, and the matter hav-

ing been referred to a duly authorized examiner of the Commission, and the evidence of the Commission and respondents having been introduced pursuant to notice before said examiner, and counsel for the Commission having submitted his brief and argument in support of the charges in the complaint, and counsel for the respondents having waived the submission of briefs and argument, and the Commission being duly advised in the premises, 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 respondents, C. H. Kroneberger and W. M. Kroneberger, are copartners doing business under the firm name and style of C. H. Kroneberger & Co., with their principal office and place of business located at the city of Baltimore, in the State of Maryland, now and for more than six years last past engaged in the business of buying and selling coffee, tea, sugar, and cocoa in direct competition with other persons, firms, copartnerships, and corporations similarly engaged.

PAR. 2. That the respondents, C. H. Kroneberger and W. M. Kroneberger, partners, styling themselves C. H. Kroneberger & Co., in the conduct of their business, purchase coffee, tea, sugar, and cocoa in the various States of the United States and in foreign countries and cause the same to be transported from points outside the State of Maryland to their place of business in the city of Baltimore, where such commodities are resold by the respondents and shipped to customers thereof in the States of Pennsylvania, Maryland, Delaware, Virginia, West Virginia, and the District of Columbia.

PAR. 3. That for more that five years last past respondents, C. H. Kroneberger and W. M. Kroneberger, partners, styling themselves C. H. Kroneberger & Co., in the conduct of their business as aforesaid, have loaned coffee urns to proprietors of cafés and restaurants in the cities of Baltimore, State of Maryland; Wilmington, State of Delaware; Camden, State of New Jersey; and Washington, District of Co-

lumbia, upon the expressed or implied condition, agreement, or understanding, and without other consideration than, that such proprietors would purchase all or approximately all of their supplies of coffee from the said respondents.

PAR. 4. That in pursuance to the aforesaid and above-mentioned agreements, conditions, or understandings, proprietors of cafés and restaurants in said cities for more than five years last past have had the possession and beneficial use of coffee urns belonging to these respondents and, in consideration therefor, have purchased all or approximately all of their supplies of coffee from such respondents.

CONCLUSIONS.

That the methods of competition and the business practices set forth in the foregoing findings as to the facts are, under the circumstances set forth therein, 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, C. H. Kroneberger and W. M. Kroneberger, partners, styling themselves C. H. Kroneberger & Co., having entered their appearance and filed their answer, and the Commission having heretofore made and filed its report containing its findings as to the facts and its conclusions that the respondents have 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," which report, findings, and conclusions are hereby referred to and made a part hereof: Now, therefore,

It is ordered, That the respondents, C. H. Kroneberger and W. M. Kroneberger, of Baltimore, State of Maryland, and

their representatives, agents, servants, and employees, cease and desist from directly or indirectly:

1. Leasing or loaning coffee urns to customers upon the agreement, condition, or understanding, either expressed or implied, that such customers will thereafter purchase from the respondent all the coffee used by them in the conduct of their respective businesses.

2. From continuing to operate under any such contracts or agreements heretofore made and entered into.

3. From doing any matter or thing which would have the same unlawful effect as that resulting from the practice herein prohibited and by reason of which this order is made.

It is further ordered, That the respondents, C. H. Kroneberger and W. M. Kroneberger, shall file a report in writing with the Commission 90 days from notice hereof, stating in detail the manner in which this order has been complied with and conformed to.

FEDERAL TRADE COMMISSION

v.

THE JOHN H. WILKINS CO., INC.

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