

Complaint.

FEDERAL TRADE COMMISSION
v.
EVERETT SUPPLY COMPANY, INC.

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

Docket 640.—January 28, 1921.

SYLLABUS.

Where a corporation engaged in the sale of ship chandlery, including steward's supplies, and deck, engine, and cabin supplies, gave to captains and other officers and employees of vessels to which it furnished supplies valuable presents, cigars, meals, theater tickets, automobile drives, and other forms of entertainment, amusements, or diversion as an inducement to purchase supplies:

Held, That such gifts, under the circumstances set forth, constituted an unfair method of competition.

COMPLAINT.

The Federal Trade Commission, having reason to believe from a preliminary investigation made by it, that the Everett Supply Co. (Inc.), hereinafter referred to as the respondent, has been and is using unfair methods of competition 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 this respect on information and belief as follows:

PARAGRAPH 1. That the respondent is a corporation organized and existing under the laws of the State of Louisiana, with its principal place of business in the city of New Orleans in said State.

PAR. 2. That the respondent is engaged in the business of selling ship chandlery, including deck and engine supplies, for ships engaged in coastwise and foreign commerce, and delivers said commodities to ships reaching ports in the said State of Louisiana, while engaged in transporting passengers and commodities between ports in various States of the United States, and in transporting passengers and commodities between ports of the United States and foreign countries, and in due course of commerce between the several States of the United States, and with foreign nations, such supplies so sold by respondent being for consumption and use by the pur-

Findings.

3 F. T. C.

chasers thereof upon the high seas in and beyond the territorial jurisdiction of the United States. Said business is and has been conducted by respondent in direct, active competition with other persons, partnerships, and corporations similarly engaged.

PAR. 3. That the respondent in the course of its business as set out in paragraph 2 hereof, gives and has given to captains and other officers and employees of vessels to which it furnishes ship chandlery expensive gifts, liquors, cigars, meals, theater tickets, automobile drives, and other forms of entertainment, amusement, or diversion, to induce such officers and employees to purchase their requirements of ship chandlery from respondent and without other consideration therefor; that respondent expends for gifts to and entertainment for officers and employees of vessels to which it furnishes ship chandlery supplies, large sums of money, equaling approximately 5 per cent of its total volume of business done, thereby paying out for such entertainment purposes approximately \$850 per month.

PAR. 4. That by reason of the facts recited the respondent is using an unfair method of competition in interstate commerce, within the intent and meaning of section 5 of an act of Congress entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," approved September 26, 1914.

REPORT, FINDINGS AS TO THE FACTS, AND ORDER.

Pursuant to the provisions of an act of Congress approved September 26, 1914, the Federal Trade Commission issued and served a complaint upon the respondent, Everett Supply Co. (Inc.), charging it with the use of unfair methods of competition in violation of the provisions of said act.

The respondent having entered its appearance and filed its answer herein, admitting the allegations of the complaint and each count and paragraph thereof, and that according to law an order should be entered herein as prayed in said complaint, and agreeing and consenting that the Federal Trade Commission shall forthwith proceed to make and enter its findings as to facts and order without the introduction of testimony in support thereof, and having stipulated and agreed that a statement of facts signed and executed by counsel for the Commission and the respondent, subject to the approval of the Commission, shall be taken by the Commission in lieu of testimony, and thereupon this proceeding came on for final hearing, and the Commission now being fully advised in the premises, makes this its findings as to the facts and conclusion:

FINDINGS AS TO THE FACTS.

PARAGRAPH 1. That the respondent, Everett Supply Co. (Inc.), is a corporation organized and existing under the laws of the State of Louisiana, New Orleans in said State, and is now and at all times hereinafter mentioned has been engaged in selling ship chandlery, including steward's supplies, deck, engine and cabin supplies for ships engaged in coastwise and foreign commerce, causing said commodities to be delivered to ships reaching ports in the State of Louisiana, while engaged in transporting passengers and commodities between ports in the various States of the United States and in transporting passengers and commodities from American ports to foreign countries, in due course of commerce among the several States of the United States or with foreign nations; such supplies so sold by respondent being for consumption and use by the purchasers thereof upon the high seas, in and beyond the territorial jurisdiction of the United States, said business being conducted by the respondent in direct competition with other persons, partnerships, and corporations similarly engaged.

PAR. 2. That the respondent in the course of its business as described in paragraph 1 hereof for several years last past has given to captains and other officers and employees of vessels to which it furnished ship chandlery supplies, valuable presents, cigars, meals, theater tickets, automobile drives, and other forms of entertainment, amusement, or diversion as an inducement to such officers and employees to purchase for the owners of the vessels operated by them, ship chandlery supplies from respondent.

CONCLUSION.

The practices of the said respondent, under the conditions and circumstances described in the foregoing findings, are unfair methods of competition in interstate and foreign commerce and constitute a violation 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.

This proceeding having been heard by the Federal Trade Commission upon the complaint of the Commission, the answer of the respondent and an agreed statement of facts, and the Commission having made its findings as to the facts with its conclusion that the respondent has violated the provisions of the act of Congress ap-

Order.

3 F. T. C.

proved September 26, 1914, entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes,"

It is ordered, That the respondent, Everett Supply Co. (Inc.), and its officers, directors, agents, servants, and employees cease and desist from directly or indirectly giving to captains and other officers and employees of vessels valuable presents, cigars, meals, theater tickets, automobile drives, and other forms of entertainment, amusements, or diversion, as an inducement to such officers and employees to purchase for the owners of the vessels operated by them, ship chandlery supplies from respondent.

It is further ordered, That the respondent within 60 days after the date of the service upon it of this order file with the Commission a report in writing setting forth in detail the manner and form in which it has complied with the order to cease and desist hereinbefore set forth.

COWLES SHIP SUPPLY CO., INC.

235

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