

## Complaint.

FEDERAL TRADE COMMISSION  
*v.*  
COWLES SHIP SUPPLY COMPANY, INC.

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

Docket 647.—January 28, 1921.

## SYLLABUS.

Where a corporation engaged in the sale of ship chandlery, including steward's supplies, deck, engine, and cabin supplies, gave to captains and other employees of vessels to which it furnished supplies, valuable gifts, cash commissions, gratuities, and entertainment 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 Cowles Ship Supply Co. (Inc.), hereinafter referred to as respondent, has been and is 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 is a corporation organized under the laws of the State of Alabama, with principal place of business at Mobile, in said State.

PAR. 2. That respondent is engaged in the business of selling ship chandlery supplies for ships engaged in transporting passengers and cargoes between ports in various States of the United States and transporting passengers and cargoes between ports of the United States and foreign nations, and delivers such supplies when sold, to ships reaching the port of Mobile, while engaged in coastwise and foreign commerce as herein described, such supplies being for consumption and use upon the high seas in and beyond the territorial jurisdiction of the United States, said business being conducted

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by respondent in direct, active competition with other persons, partnerships, and corporations similarly engaged.

PAR. 3. That respondent in the course of its business as described in paragraph 2 hereof, gives and has given to captains and other officers and employees of vessels to which it furnishes ship chandlery supplies, valuable gifts and cash commissions and gratuities and provides for such officers and employees expensive entertainment to induce such officers and employees to purchase ship chandlery supplies from respondent, and without other consideration therefor.

PAR. 4. That by reason of the facts recited, the respondent is using an unfair method of competition in 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, Cowles Ship Supply Co. (Inc.), charging it with the use of unfair methods of competition in commerce 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 having duly considered the record and 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, Cowles Ship Supply Co. (Inc.), is a corporation organized and existing under the laws of the State of Alabama, having its principal place of business located at the city of Mobile, in said State, and is now and at all times here-

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## Order.

inafter 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 Alabama, 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 gifts, cash commissions, gratuities, and entertainment 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 approved September 26, 1914, entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes,"

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*It is ordered,* That the respondent, Cowles Ship 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 gifts, cash commissions, gratuities, and entertainment 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.

W. A. RHEA.

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Complaint.

FEDERAL TRADE COMMISSION

*v.*

W. A. RHEA.