

Complaint.

FEDERAL TRADE COMMISSION

v.

W. A. RHEA.

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

Docket 656.—January 28, 1921.

SYLLABUS.

Where an individual, engaged in the sale of ship chandlery, gave to captains of vessels to which he furnished supplies, sums of money, amounting to 5 and 10 per cent of their bills, 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 W. A. Rhea, 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 to the Commission 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 respondent is engaged in the business of selling ship chandlery supplies for ships engaged in transporting cargoes between ports in various States of the United States, and between ports of the United States and foreign countries, and delivers such supplies when sold, to ships which reach the port of Charleston, S. C., while engaged in coastwise and foreign commerce, 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 by respondent in direct, active competition with other persons, partnerships, and corporations similarly engaged.

PAR. 2. That respondent in the course of its business as described in paragraph 1 hereof, gives and has given to captains and other officers and employees of vessels to which he sells ship chandlery supplies, cash commissions and gratuities and provides for such officers and employees entertainment to induce them to purchase from

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respondent ship chandlery supplies, and without other consideration the reformed.

PAR. 3. That by reason of the facts recited the respondent has been 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, W. A. Rhea, charging him with the use of unfair methods of competition in commerce in violation of the provisions of said act.

The respondent having entered his appearance and filed his answer herein, 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 that the Commission shall forthwith proceed upon said agreed statement of facts to make and enter its report, findings as to the facts, and order disposing of this proceeding without the introduction of testimony, and thereupon this proceeding came on for final hearing, and the Commission, having duly considered the record, and being now 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, W. A. Rhea, is now and at all times hereinafter mentioned has been engaged in selling ship chandlery supplies for ships engaged in transporting cargoes between ports in various States of the United States and between ports of the United States and foreign countries, and delivers such supplies when sold, to ships which reach the port of Charleston, State of South Carolina, while engaged in coastwise and foreign commerce, 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 respondent in direct competition with other persons, partnerships, and corporations similarly engaged.

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PAR. 2. That the respondent in the course of his business, as described in paragraph 1 hereof, for several years last prior to January 1, 1920, has given to captains of foreign ships to which he furnished ship chandlery supplies, sums of money, amounting to 5 and 10 per cent of their bills for supplies furnished said ships, as an inducement to purchase for the owners of vessels operated by them ship chandlery supplies from the 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 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.

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 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,"

It is ordered, That the respondent, W. A. Rhea, his agents, servants, and employees, cease and desist from directly or indirectly giving to captains and other officers and employees of vessels, sums of money as an inducement to such officers and employees to purchase for the owners of the vessels operated by them ship chandlery supplies from respondent.

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

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FEDERAL TRADE COMMISSION

v.

EUGENE RICHARDSON, W. R. RICHARDSON, AND J. W.
RICHARDSON, PARTNERS, STYLING THEMSELVES
RICHARDSON BROS.

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

Docket 657.—January 23, 1921.

SYLLABUS.

Where a firm 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, sums of money, and entertainment, including automobile rides, pleasure trips, and meals 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 Eugene Richardson, W. R. Richardson, and J. W. Richardson, partners, styling themselves Richardson Bros., hereinafter referred to as the respondents, have been and are using unfair methods of competition in interstate and foreign 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:

PARAGRAPHS 1. That the respondents, Eugene Richardson, W. R. Richardson, and J. W. Richardson, partners styling themselves Richardson Bros., have their principal place of business in Charleston, in the State of South Carolina.

PAR. 2. That the respondents are engaged in the business of selling ship chandlery, including steward's supplies, deck, engine, and cabin supplies, for ships engaged in coastwise and foreign commerce, and respondents deliver said commodities to ships reaching the ports in the State of South Carolina, while engaged in transporting passengers and cargoes between ports in the various States of the United States and between ports of the United States and foreign nations, 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 in direct, active competition with other persons, partnerships, and corporations similarly engaged.

PAR. 3. That the respondents in the course of their business, as set out in paragraph 2 hereof, give and have given to captains and other officers of vessels to which they furnish ship chandlery, valuable gifts and cash commissions and gratuities, and provide for such officers and employees while in the port of Charleston, lavish entertainment, including automobile rides, theater tickets, pleasure trips, and meals, to induce such captains and officers to purchase their requirements of ship chandlery from respondents, and without other consideration therefor.

PAR. 4. That by reason of the facts recited, the respondents are 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 respondents, Eugene Richardson, W. R. Richardson, and J. W. Richardson, partners, styling themselves Richardson Bros., charging them with the use of unfair methods of competition in violation of the provisions of said act.

The respondents have entered their appearance and filed their answer herein, and having stipulated and agreed that a statement of facts, signed and executed by counsel for the Commission and the respondents, subject to the approval of the Commission, shall be taken by the Commission in lieu of testimony, and having agreed and consented that the Federal Trade Commission shall forthwith proceed to make and enter its findings as to the facts, its conclusion and order without the introduction of testimony in support thereof, thereupon this proceeding came on for final hearing, and the Com-

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mission having duly considered the record, and being now fully advised in the premises, makes this its findings as to the facts and conclusion:

FINDINGS AS TO THE FACTS.

PARAGRAPH 1. That the respondents, Eugene Richardson, W. R. Richardson, and J. W. Richardson, are partners, styling themselves Richardson Bros., having their principal place of business located at the city of Charleston, State of South Carolina, and are now and at all times hereinafter mentioned have 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 South Carolina, 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 respondents, 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 respondents in direct competition with other persons, partnerships, and corporations similarly engaged.

PAR. 2. That the respondents in the course of their business, as described in paragraph 1 hereof, for several years last past have given to captains and other officers and employees of vessels to which they furnished ship chandlery supplies, valuable gifts, sums of money, and entertainment, including automobile rides, pleasure trips, and meals, as an inducement to such officers and employees to purchase, for the owners of the vessels operated by them, ship chandlery supplies from respondents.

CONCLUSION.

The practices of the said respondents, 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 respondents, and an agreed statement of facts, and the Commission

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having made its findings as to the facts with its conclusion that the respondents have 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,"

It is ordered, That the respondents, Eugene Richardson, W. R. Richardson, and J. W. Richardson, partners, styling themselves Richardson Bros., and their agents, servants, and employees, cease and desist from directly or indirectly giving to captains and other officers and employees of vessels, valuable gifts, sums of money, and entertainment, including automobile rides, pleasure trips, and meals, as an inducement to such officers and employees to purchase for the owners of the vessels operated by them ship chandlery supplies from the respondents.

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

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v.

LASKER & BERNSTEIN.