

Complaint.

FEDERAL TRADE COMMISSION

v.

RUNYAN COMPANY.

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

Docket 654—March 30, 1921.

SYLLABUS.

Where a corporation engaged in the business of repairing and furnishing repair parts to ships, gave to captains and other employees of vessels, without the knowledge and consent of their employers, valuable gifts, cash commissions and gratuities as an inducement to have the ships operated by them repaired by it:

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 Runyan Co., herein-after 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 Florida, with principal place of business at Pensacola, in said State.

PAR. 2. That respondent is engaged in the business, among other things, of repairing and furnishing repair parts to ships which reach the port of Pensacola, while engaged in the transportation of passengers and cargoes between ports in various States of the United States, and the transportation of passengers and cargoes between ports of the United States and foreign nations, 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 reaching the port of Pensacola, valuable gifts and cash commissions and gratuities to induce such

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captains, officers, and employees to have the ships operated by them for the owners thereof repaired and repair parts for same furnished by respondent, and without other consideration therefor.

PAR. 4. 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, the Runyan Co., 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 and having stipulated and agreed that a statement of facts signed and executed by Adrian F. Busick, acting chief counsel for the Commission, and the respondent, subject to the approval of the Commission, are the facts in this proceeding and shall be taken by the Federal Trade Commission as such and in lieu of testimony, and agreeing and consenting that the Federal Trade Commission shall forthwith proceed upon said agreed statement of facts to make and enter its findings as to the facts, its conclusion, and order, without the introduction of testimony, and thereupon this proceeding came on for final hearing, and the respondent having waived the filing of briefs and oral argument, and the Commission, having duly considered the record and now being fully advised in the premises, makes this its findings as to facts and conclusion:

FINDINGS AS TO THE FACTS.

PARAGRAPH 1. That the respondent, the Runyan Co., is a corporation organized and existing under and by virtue of the laws of the State of Florida, having its principal place of business located at the city of Pensacola, in said State, and is now and at all times hereinafter mentioned has been engaged in the business of repairing and furnishing repair parts to ships which reach the port of Pensacola while engaged in the transportation of passengers and cargoes between ports in the various States of the United States and the transportation of passengers and cargoes between ports of the United States and foreign countries, in direct, active competition with other persons, partnerships, and corporations similarly engaged; that the

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respondent carries or causes to be carried aboard such vessels so engaged materials and repair parts, and sends its employees aboard such vessels to install such parts and make such repairs thereon as may be required by the owners of such vessels.

PAR. 2. That the respondent, the Runyan Co., in the course of its business, as described in paragraph 1 above, for several years last past has given to captains and other officers and employees of vessels reaching the port of Pensacola, without the knowledge and consent of their employers and without other consideration therefor, valuable gifts, cash commissions, and gratuities as an inducement to have the ships operated by them for the owners thereof repaired and repair parts for same furnished by the respondent and to retain the good will of such officers and employees and to secure their approval of said work and to influence them to recommend to their employers that repair work on vessels owned by their employers when calling at the port of Pensacola be given to 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, the Runyan Co., 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, or gratuities as an inducement to have the ships operated by them for the owners thereof repaired and repair parts for the same furnished by the respondent or to retain their good will or secure their approval of

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such repair work or to influence them to recommend to their employers that repair work on vessels owned by said employers, when calling at the port of Pensacola, be given to the 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.

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FEDERAL TRADE COMMISSION

v.

MARINE SUPPLY COMPANY.

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

Docket 675.—March 30, 1921.

SYLLABUS.

Where a corporation engaged in the sale of ship chandlery, gave to captains and other officers of vessels to which it furnished supplies, without the knowledge and consent of their employers, sums of money and presents 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 Marine Supply Co., 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 Virginia, with principal place of business at Norfolk, 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 Norfolk, 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 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

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officers and employees of vessels to which it furnishes ship chandlery supplies, valuable gifts and cash commissions and gratuities 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, Marine Supply Co., charging it with the use of unfair methods of competition in interstate and foreign commerce, in violation of the provisions of said act.

The respondent having entered its appearance and filed its answer herein and having stipulated and agreed that a statement of facts, signed and executed by Adrian F. Busick, acting chief counsel for the Federal Trade Commission, and the respondent, subject to the approval of the Commission, shall be taken by the Commission in lieu of testimony, and agreeing and consenting that the Federal Trade Commission shall forthwith proceed to make and enter its findings as to the facts, its conclusion, and order disposing of this proceeding without the introduction of testimony in support thereof; and thereupon this proceeding came on for final hearings, and the attorneys, having waived the filing of briefs and oral argument, 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, the Marine Supply Co., is a corporation organized and existing under the laws of the State of Virginia, having its principal office and place of business at the city of Norfolk, in said State, and is now and at all times hereinafter mentioned has been engaged in the business of selling ship chandlery supplies for ships; that in the conduct of this business respondent purchases such supplies in the various States of the United States and transports same through other States to the city of Norfolk, State of Virginia, where the same are sold and delivered to ships engaged in transporting passengers and cargoes between ports

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in the various States of the United States, and in transporting passengers and cargoes between ports of the United States and foreign countries, and delivers such supplies when sold, to ships reaching the port of Norfolk, while engaged in coastwise and foreign commerce as herein described, 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, active competition with other persons, partnerships, and corporations similarly engaged.

PAR. 2. That the respondent, the Marine Supply Co., in the course of its business as described in paragraph 1 hereof, during the year last past and since August 1, 1919, has given to captains and other officers of vessels to which it has sold and delivered ship chandlery supplies, without the knowledge and consent of their employers and without other consideration therefor, sums of money and presents, ranging in value from \$5 to \$20, to induce such captains and officers to purchase from the respondent ship chandlery supplies for the ships operated by them for the owners thereof.

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 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,"

It is now ordered, That the respondent, the Marine Supply Co., and its officers, directors, agents, servants, and employees cease and desist from directly or indirectly giving to captains and other officers of vessels, sums of money and valuable presents as an inducement to influence such captains and officers to purchase from the respondent ship chandlery supplies for the vessels operated by them for the owners thereof.

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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.

ACCOUNTING MACHINE CO., INC.

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