

## Complaint.

FEDERAL TRADE COMMISSION  
v.  
ACCOUNTING MACHINE COMPANY, INC.

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

Docket 708—March 30, 1921.

## SYLLABUS.

Where a corporation engaged in the manufacture and sale of a calculating machine advertised that its product had been adopted by the Federal Government, the city of New York, and numerous nationally known industrial concerns, and that 85 per cent of the leading concerns of the country solved their accounting problems by its use, the fact being that its use was limited in practically all instances to the simpler accounting transactions and that for important work other machines were used:

*Held*, That such false and misleading advertising, 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 Accounting Machine 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 under the laws of the State of New York, with principal place of business in New York City, in said State.

PAR. 2. That the respondent is engaged in the business of manufacturing and selling a small desk calculating machine which it has designated as the "Amco," and respondent causes machines sold by it to be transported to the purchasers thereof from the State of New York, through and into other States of the United States, in direct, active competition with other persons, partnerships, and corporations similarly engaged.

## Findings.

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PAR. 3. That respondent in the course of its business, as described in paragraph 2 hereof, makes use of post cards, window cards, letter-heads, folders, and other advertising matter which contain the statement that the machine sold by respondent and designated as the "Amco," has been "adopted by" the United States Government, the city of New York, and numerous nationally known industrial concerns named in such advertising matter; that such advertising matter contained a further statement to the effect that 85 per cent of the leading concerns of the United States solved their accounting problems by the use of the Amco machines; that such statements are false and misleading in that no one of the concerns named, or the Federal Government, or the city of New York had ever used the Amco machine throughout their respective organizations, to the exclusion of other computing machines, and that the use of such machines, by the concerns named, was limited in practically all instances to the simpler accounting transactions, and in carrying on the more important accounting work, each of said concerns used other makes of computing machines; that the use by respondent of such advertising matter was calculated to and did mislead and deceive the purchasing public.

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, Accounting Machine 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, and counsel for both parties to this proceeding, being desirous of expediting the disposition thereof, signed and executed an agreed statement of facts, subject to the approval of the Commission, which provided that the same should be taken by the Commission with the same force and effect as if testified to upon a hearing regularly had in this proceeding, and that the Commission might forthwith proceed upon such agreed statement of facts to make its report and findings as to the facts, its conclusions of law, and its order disposing of this proceeding; and thereupon this proceeding

came on for final hearing and the Commission, being now fully advised in the premises, makes this its findings as to the facts, and conclusions.

FINDINGS AS TO THE FACTS.

PARAGRAPH 1. That the respondent, Accounting Machine Co. (Inc.), is a corporation organized, existing, and doing business under the laws of the State of New York, with its principal place of business in New York City, in said State.

PAR. 2. That the respondent is engaged in the business of manufacturing and selling a small desk calculating machine, which it has designated as the "Amco," and respondent causes such machines sold by it to be transported from the city of New York to the purchasers thereof in other States of the United States in direct, active competition with other persons, partnerships, and corporations similarly engaged.

PAR. 3. That respondent for two years last past in the course of its business described in paragraph 2 hereof, and to aid it in the sale and distribution in interstate commerce of said machines had made use of post cards, window cards, letterheads, folders, and other advertising matter which contain the statement that the machines sold by it and designated as the "Amco" have been adopted by the United States Government, the city of New York, and numerous nationally known industrial concerns named in such advertising matter.

PAR. 4. That such advertising matter contains a further statement to the effect that 85 per cent of the leading concerns of the United States solve their accounting problems by the use of Amco machines; that said statements referred to in paragraph 3 hereof and in this paragraph are false and misleading in that no one of the concerns named, nor the Federal Government, nor the city of New York, has ever used Amco machines throughout their respective organizations to the exclusion of other computing machines, and that the use of such machines by the concerns named, as well as by the United States Government and the city of New York, was limited in practically all instances to the simpler accounting transactions; that in carrying on the more important accounting work each of said concerns, as well as the United States Government and the city of New York, used other makes of computing machines; that neither the United States Government, the city of New York, nor any of the said nationally known business concerns named in said advertising matter have adopted such machines but have only used them at the same time they were using other computing machines.

Order.

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## CONCLUSION.

The practices of the said respondent, under the conditions and circumstances described in the foregoing findings, are unfair methods of competition in interstate 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 the agreed statement of facts executed by counsel for the respective parties herein, 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 ordered*, That the respondent, Accounting Machine Co. (Inc.), its officers, agents, and employees, shall cease and desist from stating or claiming in its post cards, window cards, letterheads, folders, or any other advertising matter utilized by it in the course of the distribution and sale of its products in interstate commerce:

(1) That the computing machines manufactured and sold by it and designated as the "Amco" have been adopted by the United States Government, the city of New York, numerous nationally known industrial concerns or others, until and unless the same have been so adopted; it being the intention of this order to prohibit respondent from in any way deceiving or misleading its customers or the public into believing, when such is not the case, that its said machines have been or are utilized by the purchasers thereof to the exclusion of the machines of its competitors, or have been by such purchasers adopted in any way except by way of purchasing same; and

(2) That 25 per cent of the leading concerns of the United States or any portion thereof solve their accounting problems by the use of Amco machines until and unless such is and has become a fact; it being the intention of this order to prohibit respondent from deceiving and misleading the public into believing that all of the accounting problems are solved by said concerns by the use of Amco machines until and unless all of such problems are actually so solved: And

*It is further ordered*, That respondent shall within 60 days from date of this order file with the Commission a report or statement showing how and in what manner the above order has been and is being carried out.

SUNBEAM CHEMICAL CO., INC.

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Complaint.

FEDERAL TRADE COMMISSION

*v.*

SUNBEAM CHEMICAL COMPANY, INC.