FEDERAL TRADE COMMISSION

v.

RICCO COMPANY, INC.

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

Docket 543—June 13, 1921.

SYLLABUS.

Where a corporation engaged in the manufacture and sale of dyestuffs and kindred products, gave to employees of customers, without the knowledge or consent of their employers, sums of money as an inducement for them to influence their employers to purchase its products and to refrain from dealing with its competitors:

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 Ricco Co., Inc., hereinafter referred to as respondent, within the year last past, has been 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, the Ricco Co., Inc., a corporation organized and existing and doing business under and by virtue of the laws of the State of Rhode Island, having its principal office and place of business at the city of Providence, in the State of Rhode Island, is now and for more than one year last past has been engaged in manufacturing and selling dyestuffs and kindred products throughout the States and Territories of the United States, and that at all times hereinafter mentioned the respondent has carried on and conducted such business in competition with other persons, firms, copartnerships, and corporations manufacturing and selling like products.

PAR. 2. That in the course of its business of manufacturing and selling dyestuffs and kindred products throughout the States and Territories of the United States the respondent since January, 1919, has been giving and offering to give to employees of both its customers and prospective customers, and its competitors' customers and

prospective customers, without the knowledge and consent of their employers, sums of money as an inducement to influence their said employers to purchase or contract to purchase from the respondent dyestuffs, and kindred products, or to influence such customers to refrain from dealing or contracting to deal with competitors of the respondent.

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 Ricco 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 neither filed an answer nor entered its appearance herein, and a hearing having been had, and evidence was introduced in support of the allegations of said complaint before an examiner of the Federal Trade Commission theretofore duly appointed:

Thereupon this proceeding came on for final hearing, the respondent having due notice thereof, 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, the Ricco Co., Inc., is a corporation organized and existing under and by virtue of the laws of the State of Rhode Island, having its principal office and place of business at the city of Providence, State of Rhode Island, and is now and at all times hereinafter mentioned has been engaged in manufacturing, selling, and transporting dyestuffs and kindred products, through and among the various States and Territories of the United States and the District of Columbia, in direct competition with other persons, firms, copartnerships, and corporations similarly engaged.

PAR. 2. That the respondent, the Ricco Co., Inc., in the course of its business of selling and transporting dyestuffs as described in paragraph 1 hereof, since the date of its incorporation in January, 1919, had given to dyers and finishers in about 20 per cent of the textile mills to which the respondent sold its products, without the knowledge or consent of their employers and without other consideration therefor, sums of money amounting to from $30 to $150 per month, to obtain the good will of the dyer or finisher, and as an

inducement to them to recommend to their employers the use and purchase of respondent's products and to influence their employers to refrain from dealing with competitors of respondent. That the dyers and finishers in such mills have a technical knowledge of the proper use and application of dye products and usually test the dyes and recommend to mill owners the dye products to be used in the mill.

CONCLUSION.

That 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 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 and the testimony, 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 therefore ordered, That the respondent, Ricco Co., Inc., its officers, directors, agents, salesmen, servants, and employees, cease and desist from directly or indirectly giving to employees of its customers, or prospective customers, or those of its competitors' customers or prospective customers, sums of money or gratuities of any kind whatsoever as an inducement to influence their employers to purchase or contract to purchase dyestuffs and kindred products from the respondent or for the purpose of persuading such customers or prospective customers to refrain from buying or contracting to buy from competitors of the respondent.

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

FEDERAL TRADE COMMISSION

v.

EDWIN S. JONES, DOING BUSINESS UNDER THE NAME AND STYLE PHILADELPHIA TEXTILE CHEMICAL WORKS.