WORKS.

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

Docket 542.—June 30, 1921.

SYLLABUS.

Where an individual engaged in the manufacture and sale of soap and wool oil, made to employees of customers, without the knowledge and consent of their employers, gifts of money, and loans of money without expectation of repayment, 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 and loans, 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 Edwin S. Jones, doing business under the name and style of Philadelphia Textile Chemical Works, hereinafter referred to as respondent, has been for more than a year last past 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, Edwin S. Jones, doing business under the name and style of Philadelphia Textile Chemical Works, with his principal office and place of business at the city of Philadelphia, in the State of Pennsylvania, is now and for more than one year last past has been engaged in manufacturing and selling soap and wool oil 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 his business of manufacturing and selling soap and wool oil throughout the States and Territories of the United States the respondent has, since 1917, given and loaned to employees of his 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, soap and wool oil, 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, Edwin S. Jones, doing business under the name and style of Philadelphia Textile Chemical Works, charging him 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 his appearance herein, a hearing was had, after due notice thereof to said respondent, 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. The respondent herein, Edwin S. Jones, is now and since the year 1917 has been doing business under the name and style of Philadelphia Textile Chemical Works, and at all times since then has been engaged in manufacturing, selling, and transporting soap and wool oil through and among several of the States of the United States adjacent to the State of Pennsylvania in direct competition with other persons, firms, copartnerships, and corporations similarly engaged.

PAR. 2. The respondent, Edwin S. Jones, doing business under the name and style of Philadelphia Textile Chemical Works, in the course of his business of selling soap and wool oil as described in paragraph 1 hereof, since starting in business in 1917, has made gifts of money to foremen finishers, and in some instances, loans of money without the expectation of repayment to foremen finishers, in a few of the textile mills to which the respondent sells and has

sold his products, all without the knowledge and consent of the employers of said foremen finishers, and without other consideration therefor, said sums of money aggregating in all approximately $175, which said gifts and loans were made and given as and for an inducement to said foremen finishers to recommend to their employers the use and purchase of respondent's products, and to influence their employers to refrain from dealing with or purchasing from competitors of the respondent. Foremen finishers in such mills have a technical knowledge of the proper use and application of soap and other finishing products used in textile mills and usually test such products and recommend to the mill owners the brand of soap and other finishing products to be used in the mill.

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 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, Edwin S. Jones, doing business under the name and style of Philadelphia Textile Chemical Works, and his agents, salesmen, servants, and employees, cease and desist from directly or indirectly making gifts of money or other things of value, or loans of money or other things of value without an expectation of repayment, to employees of his customers or prospective customers, or those of his competitors' customers or prospective customers, without the knowledge and consent of their respective employers, and for the purpose and with the effect of inducing such employees to influence, persuade, or induce their employers to purchase from the respondent soap and wool oil, or to refrain from dealing with competitors of respondent.

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 with which he has complied with the order to cease and desist herein set forth.

FEDERAL TRADE COMMISSION

v.

UNITED INDIGO & CHEMICAL COMPANY, LTD.