

Complaint.

FEDERAL TRADE COMMISSION

v.

SEYMOUR CHEMICAL CO. AND ALEXANDER S. MANN.

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

Docket 625—August 9, 1921.

SYLLABUS.

Where a corporation and an individual, its predecessor, engaged in the manufacture and sale of soaps and degreasing materials, gave and offered to give to employees of their customers and prospective customers, without the knowledge and consent of their employers, sums of money as an inducement for them to influence their employers to purchase from them, the donors, and to refrain from dealing with competitors:

Held, That such gifts and offers to give, under the circumstances set forth, constituted an unfair method of competition.

AMENDED COMPLAINT.

The Federal Trade Commission, having reason to believe from a preliminary investigation made by it that Seymour Chemical Company and Alexander S. Mann, 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 amended complaint, stating its charges in that respect on information and belief as follows:

PARAGRAPH 1. That the respondent, Seymour Chemical Company, is a corporation organized and existing under and by virtue of the laws of the State of Rhode Island, with principal place of business at Providence, in said State.

PAR. 2. That the respondent, Alexander S. Mann, is the president and treasurer of the respondent Seymour Chemical Company, and owns more than a majority of its stock, and prior to the organization of the respondent, Seymour Chemical Company, in August, 1919, operated under the trade name of Seymour Chemical Company; that the respondent, Seymour Chemical Company, upon its organization succeeded to the business theretofore carried on by the respondent Alexander S. Mann, under the trade name as aforesaid, which business is now under the supervision and management of the respondent, Alexander S. Mann, in his capacity as stockholder,

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director, officer and manager of the respondent, Seymour Chemical Company.

PAR. 3. That the respondents are and have been engaged in the business of manufacturing and selling textile finishing materials, including soaps and degreasing materials, causing same to be transported to the purchasers thereof, from the State of Rhode Island through and into other States of the United States, in direct active competition with other persons, partnerships, and corporations similarly engaged.

PAR. 4. That the respondents in the course of the business as described in Paragraph Three hereof, have been giving to boss finishers in textile mills, without the knowledge and consent of their employers and without other consideration therefor, gratuities or cash commissions to influence such finishers to induce their employers to purchase the product of respondent and to refuse to purchase the products of competitors of respondent; that such gratuities or cash commissions so paid out by the respondents were at the rate of approximately \$10 to \$12 per barrel of material sold.

PAR. 5. 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 and an amended complaint upon the respondents, the Seymour Chemical Company, and Alexander S. Mann, charging them with the use of unfair methods of competition in commerce, in violation of the provisions of said Act.

The respondents having entered their appearance by their attorney, and filed their answers herein, hearings were had and evidence was thereupon introduced in support of the allegations of said complaint, before an examiner of the Federal Trade Commission theretofore duly appointed.

And thereupon this proceeding came on for final hearing and the respondents having waived the filing of briefs and oral argument, 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, Seymour Chemical Company is now and has been at all times since August, 1919, a corporation organized and existing under and by virtue of the laws of the State of Rhode Island, having its main office and principal place of business in the City of Providence, in said State; that the respondent, Alexander S. Mann, is an individual occupying the position of president and treasurer of the respondent, Seymour Chemical Company, and holding and controlling a majority of the stock of such corporation; that prior to the organization of the respondent Seymour Chemical Company, to wit, from May, 1918 to August, 1919, respondent, Alexander S. Mann, did business in Providence, R. I., under the name and style of Seymour Chemical Company, and that the respondent Seymour Chemical Company upon its organization succeeded to the business theretofore carried on by the respondent, Alexander S. Mann under such trade name.

PAR. 2. That the respondents are and have been engaged in the business of manufacturing and selling finishing materials, including soaps and degreasing materials, and shipping such products in commerce from the State of Rhode Island through and into other States of the United States; that other persons, firms, partnerships and corporations sell and ship like products in commerce in competition with respondents.

PAR. 3. That the respondents in the course of their business of selling soaps and degreasing materials, as above set forth, during the years 1918, 1919, and 1920, have given and offered to give to employees of their 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 respondent's products, and to refrain from dealing or contracting to deal with competitors of respondents.

CONCLUSION.

That the methods described in the foregoing findings as to the facts, under the circumstances set forth therein, are unfair methods of competition in violation of the provisions of Section 5 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 and the answers of the respondents, the testimony and evidence, and the Commission having

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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 now ordered, That the respondents, Seymour Chemical Company and Alexander S. Mann, and each of them, and their agents, representatives, servants and employees do cease and desist from directly or indirectly giving or offering to give to employees of customers or prospective customers, or employees of any competitor's customers or prospective customers, without the knowledge and consent of their respective employers, money, cash bonuses, commissions, or loans of money or other things of value, without an expectation of repayment, as an inducement to influence their employers to purchase or contract to purchase the products of respondents, or cause any customer of a competitor to refrain from dealing or contracting to deal with any competitor of said respondents.

And it is further ordered, That said respondents shall within sixty days from the date of service of this order file with the Commission a report setting forth in detail the manner and form in which they have complied with the order of the Commission hereinbefore set forth.

THE L. B. SILVER CO.

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