

Complaint.

FEDERAL TRADE COMMISSION

v.

GUARANTEE VETERINARY CO. AND GEORGE L. OWENS.

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

Docket 343—December 13, 1921.

SYLLABUS.

Where a concern engaged in the sale of salt blocks for live stock under the brand name "Sal-Tonik," and an individual, the moving and controlling spirit in its organization and management as in that of several predecessor concerns similarly engaged,

- (a) Falsely advertised and represented the ingredients of said product; and
- (b) Advertised "U. S. GOVERNMENT ADOPTS SAL-TONIK—the Quartermaster's Department of the U. S. Army has ADOPTED SAL-TONIK and purchased our entire Southern output for use in the U. S. Cavalry. * * *," reproducing a letter, falsely alleged to have been written by the "Assistant Veterinarian of the U. S. Army at Camp Johnston," indorsing such product and the results of its use at said camp; the facts being that only one purchase thereof was made by the Government, and that in other respects the advertising was false and misleading:

Held, That such false and misleading representations and advertisements, under the circumstances set forth, constituted unfair methods of competition.

COMPLAINT.

The Federal Trade Commission, having reason to believe from a preliminary investigation made by it, that the Guarantee Veterinary Company and George L. Owens, hereinafter referred to as respondents, have been and are 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 Guarantee Veterinary Company, is an association in the form of a trust, having its principal office and place of business in the City of Chicago, State of Illinois, of which the respondent George L. Owens is the controlling and managing trustee, and that the respondents are now and for more than a year last past have been engaged in the sale of salt in the form of blocks for the use of live stock under the brand name "Sal-Tonik" in and among the several states of the United States and the District of Columbia, in direct competition with

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other persons, copartnerships and corporations also engaged in the sale of block salt for the use of live stock.

PAR. 2. That in connection with the sale of said "Sal-Tonik" blocks in interstate commerce as aforesaid, the respondents are now and for more than a year last past have been publishing and distributing in and among the several states of the United States and the District of Columbia, advertising matter containing false and misleading statements, among which are representations and implications to the effect that the said "Sal-Tonik" blocks contain certain medicinal ingredients, that the respondents operate a number of factories in various parts of the United States, the total product of one of which was purchased and thereby endorsed by the Quartermaster Department of the United States Army, and that the respondents own and operate certain large and expensive machinery necessary for the manufacture of said "Sal-Tonik" blocks, all of which was designed to and does mislead the purchasing public into the belief that respondents' product possesses certain unique and beneficial characteristics and tends to secure for it an undue preference over the product of competitors.

REPORT, MODIFIED AND NEW FINDINGS AS TO THE
FACTS, AND MODIFIED AND NEW ORDER.

This proceeding coming on to be heard upon the exceptions of the respondent to the findings as to the facts and conclusions heretofore entered herein on June 8, 1921;¹ and the Commission having duly considered said exceptions and being now fully advised in the premises, modifies its findings as to the facts, as heretofore adopted, and makes these its modified and new findings as to the facts herein, as follows:

MODIFIED AND NEW FINDINGS AS TO THE FACTS.

PARAGRAPH 1. That the respondent, the Guarantee Veterinary Company, is an association in the form of a trust, having its principal office and place of business in the City of Chicago, State of Illinois, of which the respondent George L. Owens is the controlling and managing trustee, and that the respondents are now and for more than two years last past have been engaged in the sale of salt in the form of blocks, for the use of live stock, under the brand name, "Sal-Tonik," in and among the several States of the United States and the District of Columbia, in direct competition with other persons, copartnerships and corporations also engaged in the sale of block salt for the use of live stock.

¹ See 3 F. T. C. 402 et seq.

PAR. 2. That during the years 1918 and 1919 the respondents printed and caused to be circulated in and throughout the various States of the United States, circulars in which it stated that its product, Sal-Tonik, contained the following ingredients: Sulphate of Iron (re-dried), carbonized Peat, Charcoal, Tobacco, Quassia, Sulphur, Gentian, Pure Salt, Chloride of Magnesia, Epsom Salts, Glauber's Salts, Bicarbonate of Soda, Oxide of Iron, Mineralized Humoides, American Worm Seed, Levant Worm Seed, Capsicum (red pepper); when in truth and in fact, respondent's product, Sal-Tonik, did not contain all of said ingredients, and did not contain carbonized Peat, Charcoal, Tobacco, Quassia, Sulphur, Gentian, Mineralized Humoides, American Worm Seed, Levant Worm Seed, or Capsicum (red pepper).

PAR. 3. That prior to the organization of the respondent, Guarantee Veterinary Company, in the year 1918, the respondent, George L. Owens, caused to be organized the Guarantee Swine Veterinary Company, a corporation organized under the laws of South Dakota and the Guarantee Serum Company, a corporation organized under the laws of Iowa, in both of which corporations the respondent, George L. Owens, was the largest stockholder, and of which he was the controlling manager and president.

PAR. 4. That said Guarantee Serum Company was owned and operated by said Guarantee Swine Veterinary Company, that later the word "Swine" was dropped from the corporate name, and the owning and operating company became the Guarantee Veterinary Company, Incorporated; that said Guarantee Veterinary Company, Incorporated, succeeded to all property, assets and rights of both the said Guarantee Serum Company and the said Guarantee Swine Veterinary Company, and that later the assets and rights of the said Guarantee Veterinary Company, Incorporated, were assigned or surrendered to the Guarantee Veterinary Company, a common law Trust; that George L. Owens was the principal stockholder and President of the Guarantee Serum Company, the Guarantee Swine Veterinary Company and the Guarantee Veterinary Company, Incorporated, and is the controlling and managing Trustee of the Guarantee Veterinary Company, a common law Trust; and that all of these corporations and the Trust and George L. Owens, first as President and later as Trustee, caused to be manufactured and sold and are now causing to be manufactured and sold in interstate commerce the article known and designated Sal-Tonik.

PAR. 5. That during all the time of the existence of the said Guarantee Serum Company, the said Guarantee Swine Veterinary Company, the said Guarantee Veterinary Company, Incorporated,

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the said Guarantee Veterinary Company, a common law Trust, George L. Owens, as the principal stockholder and President of the first three named corporations and as Trustee for the last-named, a common law Trust, was advertising and representing or causing to be advertised and represented to customers and dealers in said Sal-Tonik that their product, Sal-Tonik, contained substantially the following ingredients:—Sulphate of Iron (re-dried), carbonized Peat, Charcoal, Tobacco, Quassia, Sulphur, Gentian, Pure Salt, Chloride of Magnesia, Epsom Salts, Glauber's Salts, Bicarbonate of Soda, Oxide of Iron, Mineralized Humoides, American Worm Seed, Levant Worm Seed, Capsicum (red pepper); when in truth and in fact, respondent's product, Sal-Tonik, did not contain all of said ingredients, and did not contain carbonized Peat, Charcoal, Tobacco, Quassia, Sulphur, Gentian, Mineralized Humoides, American Worm Seed, Levant Worm Seed, or Capsicum (red pepper).

PAR. 6. That during the years 1918 and 1919, respondents advertised in the Cooperative Manager and Farmer (Commission's Ex. No. 10), a magazine published at Minneapolis, Minn., which had a general circulation through the medium of the mails and other distributing agencies in and throughout various states and territories of the United States and the District of Columbia, and also by circulars prepared and printed by respondents which they caused to be circulated throughout various states and territories of the United States and District of Columbia, the following:

"U. S. GOVERNMENT ADOPTS SAL-TONIK—The Quartermasters Department of the U. S. Army has ADOPTED SAL-TONIK and purchased our entire Southern output for use in the U. S. Cavalry." * * *

"The U. S. Army used Sal-Tonik as shown by a letter which appears below, written by the Assistant Veterinarian of the U. S. Army at Camp Johnston, * * *

"CAMP JOSEPH E. JOHNSTON, FLA,
January 25, 1919.

"GUARANTEE VETERINARY COMPANY, CHICAGO, ILLINOIS.

"To whom it may concern:

"While acting as 2d. Lt. Vet. U. S. A. Auxiliary Remount Depot No. 333, Camp Joseph E. Johnston, Florida, I had the opportunity of recognizing the value of SAL-TONIK. Large numbers of animals were kept in corrals in this camp and naturally much sickness would be expected, however, I noticed that where the animals had access to SAL-TONIK they improved in flesh and vitality. There was a very small percentage of digestive disturbances such as indigestion, colic, impactions and diseases of systemic origin.

"Having recognized the value of SAL-TONIK I highly recommend it as an efficient medicinal salt of superior quality.

(Signed) J. F. SWAIN.

2d Lt. Vet. U. S. A. Auxiliary Remount Depot 333, Camp Joseph E. Johnston."

That the Palestine Salt & Coal Co., of Palestine, Texas, made salt blocks for respondents, the respondents furnishing the medical ingredients and the Palestine Salt & Coal Co. furnishing the labor and salt. That the Quartermaster Department of the U. S. Army purchased in the month of December, 1917, 1,200 blocks of Sal-Tonik at Palestine, Texas, from the Palestine Salt & Coal Co., who were agents for the respondents, and that this one purchase was the only purchase of the respondent's product made by the United States Government.

That the U. S. Government did not adopt Sal-Tonik.

That Mr. J. F. Swain was not Assistant Veterinarian of the U. S. Army at Camp Johnston and at the time the above letter was written he was not a 2d Lieutenant in the U. S. Army, nor was he located at Camp Joseph E. Johnston, Fla.

CONCLUSIONS.

That the methods of competition set forth in the foregoing findings as to the facts are, under the circumstances set forth, 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."

MODIFIED AND NEW 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 respondents, the testimony and the evidence, and the Commission having made its findings as to the facts, with its conclusions that the respondents had violated the provision 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 respondents, Guarantee Veterinary Co. and George L. Owens, Trustee, their officers, agents, servants and representatives do cease and desist, directly or indirectly:

From publishing or causing to be published or circulated throughout the various States of the United States, the Territories thereof, the District of Columbia, and foreign countries, advertisements, circular letters, or other printed matter whatsoever wherein it is falsely stated, set forth, or held out to the general public that the respondents' product, Sal-Tonik, contains Carbonized Peat, Charcoal, Tobacco, Quassia, Sulphur, Gentian, Mineralized Humoides, American Worm Seed, Levant Worm Seed, or Capsicum (red

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pepper), or any other ingredients, medical or otherwise, if said Sal-Tonik does not then, in fact, contain each and all of the ingredients which are stated in the advertisement to enter into its composition;

From publishing and circulating or causing to be published and circulated throughout the various States of the United States, the Territories thereof, the District of Columbia, and foreign countries, advertisements, circulars, folders, letters or any other printed or written matter whatsoever, wherein it is falsely stated, set forth, or held out to the public:

(1) That the United States Government, or any Department, branch or agency thereof, has adopted respondents' product, Sal-Tonik;

(2) That respondents have sold their entire Southern output to the United States Government or to any Department, branch or agency thereof;

From using as an advertisement of their product, Sal-Tonik, a certain letter, dated January 25, 1919, and signed by J. F. Swain, purported to be at the time of signature, a Second Lieutenant in the United States Army at Camp Joseph E. Johnston, Florida.

It is further ordered, That the respondents, the Guarantee Veterinary Co. and George L. Owens, Trustee, shall within 60 days after the service upon them of a copy 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.

GINSO CHEMICAL CO. (M. G. SLOCUM ET AL.).

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M. G. SLOCUM DOING BUSINESS UNDER THE NAME
AND STYLE OF GINSO CHEMICAL CO., AND GINSO
CHEMICAL CO., A MISSOURI CORPORATION.