

FEDERAL TRADE COMMISSION

v.

THE ATLANTA WHOLESALE GROCERS ET AL.

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

Docket 579—May 16, 1922.

SYLLABUS.

Where an unincorporated association of manufacturers', brokers' and wholesalers' salesmen of a certain city and the wholesale grocery dealers serving the great majority of retailers therein, inspired by the operations of a competitor which (1) sold to retailers only, (2) had retail grocers for its stockholders, (3) pursued business methods not favored by said salesmen and dealers, and (4) with very few exceptions was given, by manufacturers and producers of food products, the same prices and terms as were given the dealers,

- (a) Sent to the manufacturers and producers of food products circular letters inviting, and calculated to invite, attention to direct sales made by them to said competitor, and to convey the impression that, should they fail to confine their sales to the so-called regular channels of distribution and continue selling directly to said competitor, they would lose the patronage of said dealers; and

Where one of said dealers—

- (b) Sent "follow up" circular letters pertaining to the same matter and of the same general tenor to the manufacturers and producers; and
- (c) For the purpose of informing the manufacturers and producers that the Atlanta wholesale grocers were organized for mutual cooperation and protection against practices which they might deem to be detrimental to their interests, included in one of such letters a newspaper clipping announcing the formation of an organization of practically all the wholesale grocers of said city, which organization said dealer's secretary was largely instrumental in creating, for the purpose of using said body as a means of influencing the manufacturers or producers to follow policies in harmony with those of the wholesale dealers, and to membership in which said competitor was not eligible; and

Where some of said dealers—

- (d) Inquired of Atlanta brokers and representatives of manufacturers whether direct sales were being made to said competitor and advised them that, should they continue so to sell, they could not expect to retain the patronage and support of the dealers;
- All with the common intent, through concerted action, of inducing the manufacturers and producers through fear of their united pressure, to interfere with the freedom of said competitor to obtain groceries and other food products, and with the effect of so doing:

Held, That such acts and practices, substantially as described, constituted unfair methods of competition.

COMPLAINT.

The Federal Trade Commission, having reason to believe from a preliminary investigation made by it that The Atlanta Wholesale Grocers, City Salesmen's Association, J. J. Barnes-Fain Co., Kelley Brothers Co., McCord-Stewart Co., Maret-Streeter Co., Oglesby Grocery Co., H. L. Singer Co., Walker Brothers Co., A. McD. Wilson Co., Conley & Ennis, Johnson-Fluker & Co., McDaniel & Co., Paradies & Rich, R. W. Davis & Co., Charles I. Branan, J. N. Hirsch, O. T. Camp, and R. O. Estes, all of whom are 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 Atlanta Wholesale Grocers, is a membership corporation organized under the laws of the State of Georgia, without capital stock, and is in effect a trade association, the members of which are all engaged in the business of dealing in groceries and food products in the City of Atlanta, State of Georgia; that the respondent, The City Salesmen's Association, is an unincorporated, voluntary association composed of salesmen employed by certain persons, partnerships, and corporations engaged in the business of dealing in groceries and food products in the city of Atlanta, State of Georgia; that the J. J. Barnes-Fain Co., Kelley Bros. Co., McCord Stewart Co., Maret-Streeter Co., Oglesby Grocery Co., H. L. Singer Co., Walker Bros. Co., and A. McD. Wilson Co., are all corporations engaged in the business of dealing in groceries and food products in the City of Atlanta, State of Georgia; that Conley & Ennis, Johnson-Fluker & Co., McDaniel & Co., and Paradies & Rich are partnerships also engaged in the business of dealing in groceries and food products in the city of Atlanta, State of Georgia; that respondents R. W. Davis, trading under the name and style of R. W. Davis & Co., Charles I. Branan, and J. N. Hirsch are individuals engaged in the business of dealing in groceries and food products in the city of Atlanta; that respondents O. T. Camp and R. O. Estes are president and secretary, respectively, of the respondent, City Salesmen's Association. That each of said respondents, engaged in the business of dealing in groceries and food products as aforesaid, purchases commodities in the various States of the United States and in foreign countries and causes same to be transported therefrom to

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the State of Georgia, where same are resold by said respondents in wholesale quantities to purchasers in the State of Georgia and in other States adjacent thereto, and said respondents cause said commodities to be transported when sold from the State of Georgia through and into other States of the United States.

PAR. 2. That the Unity Grocery Co. and the Merchants Wholesale Grocery Co. are corporations, each organized and existing under the laws of the State of Georgia, with principal place of business at Atlanta, in said State, and each is engaged in the business of buying and selling in wholesale quantities, and in the usual course of wholesale trade, groceries and food products such as are bought and sold generally by persons, firms, and corporations engaged in the business generally known as that of a wholesale grocer; that in the course of its said business the Unity Grocery Co. and the Merchants Wholesale Grocery Co. each purchases commodities dealt in by it in the various States and Territories of the United States and transports same from and through other States, to the city of Atlanta, in the State of Georgia, where such commodities are resold in the usual course of wholesale trade; and there is continuously and has been at all times herein mentioned a constant current of trade and commerce in commodities so dealt in by said Unity Grocery Co. and the Merchants Wholesale Grocery Co. between and among the various States and Territories of the United States.

PAR. 3. That the respondents, with the purpose, intent, and effect of stifling and suppressing competition in the sale of grocery products at wholesale, have conspired and confederated together to prevent the Unity Grocery Co. and the Merchants Wholesale Grocery Co. from obtaining commodities dealt in by them, from manufacturers and other usual sources from which a wholesale dealer in groceries must obtain supplies, and have by boycott and threats of boycott and by other unlawful means induced manufacturers of grocery products and brokers representing such manufacturers to refuse to sell their products to said Unity Grocery Co. and the Merchants Wholesale Grocery Co., and such manufacturers and brokers were informed by respondents that if they sold their products to said Unity Grocery Co. and Merchants Wholesale Grocery Co. that said respondents would not thereafter purchase any of the products of said manufacturers and brokers.

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 respondents, The Atlanta Wholesale Grocers,

City Salesmen's Association, J. J. Barnes-Fain Co., Kelly Brothers Co., McCord-Stewart Co., Maret-Streater Co., Oglesby Grocery Co., H. L. Singer Co., Walker Brothers Co., A. McD. Wilson & Co., Conley & Ennis, Johnson-Fluker & Co., McDaniel & Co., Paradies & Rich, R. W. Davis, doing business under the firm name and style of R. W. Davis & Co., Charles I. Branan, J. N. Hirsch, O. T. Camp and R. O. Estes, 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 appearances by their attorneys and filed their answers herein, hearings were had and evidence was thereupon introduced in support of the allegations of the said complaint and on behalf of the said respondents before an examiner of the Federal Trade Commission theretofore duly appointed.

And thereupon this proceeding came on for final hearing, and the Commission having heard argument of counsel and 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, The Atlanta Wholesale Grocers, is, and at all times since June 19, 1919, has been a membership corporation organized and existing under the laws of the State of Georgia. It is without capital stock and does not engage in business for profit. Its membership is composed of the wholesale grocers named in Paragraphs 2, 3, and 4 of these findings.

PAR. 2. Each of the respondents, J. J. Barnes-Fain Co., Kelly Brothers Co., McCord-Stewart Co., H. L. Singer Co., A. McD. Wilson Co., Walker Brothers Co., Oglesby Grocery Co., and Maret-Streater Co., is a corporation organized and existing under the laws of the State of Georgia, with its principal office and place of business in Atlanta, in said State, and is engaged in the business of purchasing in the various States of the United States groceries and other food products, and causing same to be transported therefrom to its place of business in the said city of Atlanta, where the same are sold in wholesale quantities to the retail grocery trade in the State of Georgia and adjoining States.

PAR. 3. Each of the respondents, Conley & Ennis, Johnson-Fluker & Co., McDaniel & Co., and Paradies & Rich, is a partnership, and as such is engaged in the business of purchasing in the various States of the United States groceries and other food products, causing same to be transported therefrom to their place of business in the city of Atlanta, Ga., where the same are sold in wholesale

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quantities to the retail grocery trade in the State of Georgia and adjoining States.

PAR. 4. Each of the respondents, R. W. Davis, doing business under the name and style R. W. Davis & Co., Charles I. Branan and J. N. Hirsch, as an individual, is engaged in the business of purchasing in the various States of the United States groceries and other food products and causing the same to be transported to his place of business in the city of Atlanta, Ga., where the same are sold in wholesale quantities to the retail grocery trade in the State of Georgia and adjoining States.

PAR. 5. The respondent, City Salesmen's Association of Atlanta, Ga., for many years last past has been and was at the time of the issuance of the complaint herein an unincorporated association, having a membership of about 75, composed of salesmen representing manufacturers, brokers, and wholesalers of various products. Its membership is composed principally of grocery salesmen, and about 75 per cent of the salesmen employed by the Atlanta wholesale grocers named in paragraphs 2, 3, and 4 of these findings are members. It is formed for the mutual benefit of its members and does not engage in business for profit. Meetings are held every Saturday, and minutes are kept.

Respondents R. O. Estes and O. T. Camp are salesmen in the city of Atlanta and members of the City Salesmen's Association, and at the time of the filing of the complaint in this proceeding were secretary and president, respectively, of said association. R. O. Estes is a salesman for the respondent Oglesby Grocery Co., and O. T. Camp at the time of the occurrences set out in these findings was the Atlanta salesman of a specialty manufacturer, the Reilly-Taylor Co., of New Orleans, La.

All of the members of said City Salesmen's Association are not made parties respondent in this proceeding because to do so would have delayed the proceeding, and R. O. Estes and O. T. Camp are named respondents as the association's representatives, for the purpose of bringing the members of the association before the Commission.

PAR. 6. The Unity Grocery Company is a corporation organized and existing under the laws of the State of Georgia, with its principal office and place of business in Atlanta, in said State, and is engaged in the business of purchasing in the various States of the United States groceries and other food products and causing same to be transported therefrom to its place of business in the city of Atlanta, where the same are sold in wholesale quantities to the retail grocery trade.

PAR. 7. The Unity Grocery Company and respondent wholesale grocers named in paragraphs 2, 3, and 4 of these findings are competitors in the business of buying and selling in wholesale quantities groceries and other food products such as are bought and sold generally by persons, firms, and corporations engaged in the business commonly known as the wholesale grocery business.

PAR. 8. The Unity Grocery Company was organized and incorporated under the laws of the State of Georgia on April 8, 1918, by a number of retailers for the purpose of purchasing in wholesale quantities groceries and other food products, and selling same to retail grocers. It is given this authority by its charter. Since the date of its organization it has been and still is engaged in the business of purchasing from manufacturers and producers groceries and other food products such as are generally carried by those engaged in the business of a wholesale grocery, and selling and distributing same to retail grocers located principally in the city of Atlanta.

The authorized maximum capital stock of said Company is \$50,000, of which amount \$10,000 was paid in when business began. Since that time its capital stock has been gradually increased. September 30, 1920, it had a paid-in capital stock of \$25,000. The yearly sales of the Company since its organization have been as follows: \$194,437.44 from April 8 to December 31, 1918; \$398,819.84 in 1919; \$334,008 from January 1 to August 31, 1920. This Company has shown a steady growth from the date of its organization. The Unity Grocery Company sells to retail grocers only. Its sale or list prices are the same approximately as the sale or list prices charged by respondent wholesalers, except that said Unity Grocery Company allows a larger cash discount to stockholder customers than is allowed by respondent wholesalers, and a larger cash discount than is allowed by said Unity Grocery Company to its nonstockholder customers. In addition to the above-mentioned discount given stockholders on purchases, the Unity Grocery Company pays a quarterly dividend of 2½ per cent. Its sales are not limited to stockholders, but 90 per cent of its customers are stockholders. They number approximately 120. Goods are generally sold by the Unity Grocery Company f. o. b. warehouse, and when delivery is made said Company makes a charge for such service. Whenever a customer does not pay for goods within one week after date of purchase, he is cut off until he has paid his bills. Prior to the issuance of the complaint in this proceeding the Unity Grocery Company employed no soliciting salesmen, but used the telephone instead. Since a short time after the organization of the company, it has been able to secure in this way about all the business it could conveniently handle.

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PAR. 9. The Merchants Wholesale Grocery Company was a corporation engaged in a wholesale grocery business similar to that of the Unity Grocery Company. The Merchants Wholesale Grocery Company was unsuccessful financially and went into bankruptcy in 1919.

PAR. 10. Respondents named in paragraphs 2, 3, and 4 of these findings, were, at all times, mentioned in the complaint and ever since have been engaged in the business of purchasing in wholesale quantities groceries and kindred products, and selling and distributing same to retail grocers in the usual course of the wholesale grocery trade. They employed salesmen who called on the retail trade and solicited orders, and said respondents extended credit to their customers and delivered goods in Atlanta and its suburbs without making any additional charge for the service of delivering. The total sales of respondents above referred to for the year 1919 amounted to \$14,279,044. There are approximately 1,800 retail grocers in Atlanta, most of whom are supplied by said respondents. About 100 are supplied by chain stores, and approximately 120 purchase more or less of their supplies from the Unity Grocery Company.

PAR. 11. The business carried on by the Unity Grocery Company originated in an effort upon the part of retail dealers in Atlanta, Ga., to purchase groceries and other food products at reduced costs. Costs were reduced in part by (1) soliciting sales over the telephone, (2) doing business upon short credit terms, (3) having few salaried officers, and (4) not giving free delivery service to customers. With very few exceptions, manufacturers and producers engaged in marketing groceries and other food products sell to the Unity Grocery Company at the same price and upon the same terms and conditions as to respondent wholesalers. The business carried on by the Unity Grocery Company, as hereinbefore found, was not in harmony with the plan and policy of respondent wholesalers named in paragraphs 2, 3, and 4, of these findings, respecting the distribution of grocery and other food products from manufacturer to wholesaler, to retailer, to consumer. The respondent wholesalers referred to in this paragraph were opposed to sales direct by manufacturers and producers to the Unity Grocery Company.

PAR. 12. Shortly prior to March 24, 1919, a committee comprising a number of the members of the respondent City Salesmen's Association—about seven in number—the names of whom are not all known but among whom were J. C. Harrison and A. S. Edwards, salesmen of respondent Walker Brothers Co., R. O. Estes, salesman of

Oglesby Grocery Co., and E. S. Morris, salesman of respondent Kelly Brothers Co., met on different occasions in the City of Atlanta and discussed the question of sales direct by manufacturers and producers to the Unity Grocery Company. This committee of salesmen reflecting the views of their employers, and in their own interest as salesmen of such employers, was opposed to sales direct by manufacturers and producers to the Unity Grocery Company. At these meetings the above-mentioned committee of salesmen for the purpose and object of causing manufacturers and producers not to sell to the Unity Grocery Company, drafted two form letters intended to be sent to all important manufacturers and producers selling grocery products in the Atlanta market, one to be sent out by the respondent City Salesmen's Association and the other over the name of each of the respondent wholesalers named in paragraphs 2, 3, and 4 of these findings as set out above.

PAR. 13. The letter drafted by the committee of salesmen and intended to be sent out by the respondent City Salesmen's Association with the purpose and object as found in the foregoing paragraph was presented to the respondent City Salesmen's Association in open meeting. This letter was discussed by the Association members, and after certain changes had been made, the respondent City Salesmen's Association's authorized officers on March 24, 1919, sent a copy of the same to all important manufacturers and producers selling grocery and other food products in the Atlanta market. The letter sent pursuant to such authorization reads as follows:

GENTLEMEN:

Do you need the jobber as a distributor?

Upon the *success* of the jobber depends the salary of the Atlanta City salesman.

If you sell "the cream" of the Atlanta retail trade direct, how can you ask the co-operation of the salesman and the jobber in distributing your goods to the remainder of the retail trade?

We invite you to carefully investigate the distribution of your goods in Atlanta, and if they are not going through the legitimate jobbing channels we would be glad to have your cooperation in directing their sale.

We ask you to look into the distribution of your goods in Atlanta, and if they are not going through the legitimate jobbing channels, don't you think it would be to your interest to direct the sale where it properly belongs?

You need our assistance, we need your help. May we expect it?

Respectfully yours,

CITY SALESMEN'S ASSOCIATION.

PAR. 14. The other letter drafted by the committee of salesmen and intended to be sent out by the different respondent wholesalers, as stated in paragraph 12, was authorized and sanctioned by the sec-

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retary of the respondent City Salesmen's Association, and a large number of its members. This letter was submitted to certain respondent wholesalers sometime between the 15th and 24th of March, 1919. The exact number and the names of all the salesmen who presented this letter to respondent wholesalers is not known, but they apparently represented a group larger in number than the committee which drafted the same, and consisted of some twelve salesmen, most of whom were employed by the different respondent wholesalers. This letter was submitted to respondents Walker Brothers Co., H. L. Singer Co., Oglesby Grocery Co., Charles I. Branan, Kelly Brothers Co., R. W. Davis & Co., J. J. Barnes-Fain Co., Johnson-Fluker & Co., Paradies & Rich, McCord-Stewart Co., and Conley & Ennis. The first eight named respondents on their own stationery under date of March 24, 1919, and over their own names sent this letter to all important manufacturers and producers selling grocery products in the Atlanta market. Paradies & Rich sent this letter out under date of March 26, 1919. Respondents McCord-Stewart Co. and Conley & Ennis did not send out the letter. Respondents Kelly Brothers Co., Walker Brothers Co., Oglesby Grocery Co., H. L. Singer Co., R. W. Davis & Co., Johnson-Fluker & Co., Paradies & Rich and Charles I. Branan knew that other respondent wholesalers were sending out this letter, and that the respondent City Salesmen's Association was sending out the respondent City Salesmen's Association letter as found in paragraph 13. Members of the respondent City Salesmen's Association who submitted the letter to respondent wholesalers discussed with the last named eight respondent wholesalers the matter of the respondent City Salesmen's Association and the said respondent wholesalers sending out the letters to manufacturers and producers, and it is found that the last eight above named respondents knew that the respondent City Salesmen's Association letter and the respondent wholesalers' letter of March 24th were being sent out, and that they intended them as a united protest on the part of the respondent City Salesmen's Association and said respondent wholesalers against sales by manufacturers and producers to the Unity Grocery Company. This letter read as follows:

"GENTLEMEN:

The manufacturer—the jobber—the retailer. The generally recognized channel for distributing goods to the consumer.

Do you need the services and good will of the Atlanta jobber in distributing your goods? If you do, how can you hope for the jobber to continue in business and feature your goods when you go direct, over his head and sell through buying agencies, a good part of his retail customers?

We ask you to look into the distribution of your goods in Atlanta, and if they are not going through the legitimate jobbing channels, do you not think it would be to your interest to direct the sale where it properly belongs?

If you do not need the services of the jobber and his *many salesmen*, this letter will not interest you."

PAR. 15. J. C. Harrison, a member of the respondent City Salesmen's Association and a salesman of respondent Walker Brothers Company, was largely instrumental in the composition of the two letters set out in the foregoing paragraphs, and in cooperation with R. O. Estes, secretary of the respondent City Salesmen's Association and salesman of Oglesby Grocery Company, was influential in causing the respondent City Salesmen's Association and respondent wholesalers to send out the letters with the object and purpose as found in the foregoing paragraphs.

PAR. 16. On April 11, 1919, the respondents named in Paragraphs 2, 3, and 4 of these findings, as set out above, met in the City of Atlanta, Georgia, for the purpose of forming an organization for their mutual benefit. These respondent wholesalers met again on April 17, 1919, at which meeting officers were elected. A. W. Walker, of respondent Walker Brothers Co., was influential in perfecting the organization and was elected secretary. Subsequently on June 19, 1919, as hereinbefore found, this organization was incorporated under the name of The Atlanta Wholesale Grocers. This organization was not, as such, a party to the conspiracy alleged in the complaint and found in these findings, as set out above. The membership of this organization comprise practically all of the wholesale grocers in the City of Atlanta. The Unity Grocery Co. was not eligible to membership under the rules of this organization. Weekly meetings were held, and at such meetings matters of mutual business and social interest were discussed. The discussions at various times pertained, among other things, to such matters as taxation, telephone service, road problems, sidewalk deliveries, credits, continuation of suburban express lines, cooperation between wholesalers and retailers, relief of public from sugar shortage, inadequate facilities of the freight-receiving depots, and exchange of bulletins with the St. Louis Wholesale Grocers. Minutes were kept and many matters discussed by the Association are recorded in the minutes. The minutes contain no discussion of matters relating to manufacturers selling the Unity Grocery Co. Paragraph 2 of the certificate of incorporation of The Atlanta Wholesale Grocers, contains the following statement as to the purposes of the organization:

The object and purpose of said corporation is to foster and promote a feeling of good fellowship and good will among its members, and, on broad and

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equitable lines, to advance the welfare of THE WHOLESALE GROCERY TRADE OF ATLANTA.

To establish harmonious relations between manufacturers, wholesalers, and retailers for the advancement of their several interests and businesses in the distribution of food products, to the end that same will reach the consumers at the lowest possible cost.

To obtaining just and fair laws relating to all matters in which its members are interested, establishing bureaus for the exchange of such information among its members as may seem proper, and to do any and all things necessary for the conduct of such incorporation and the bringing together of its members in closer association.

It is found that A. W. Walker, of respondent Walker Brothers Co., had the further purpose and object of using the said organization as a means of influencing manufacturers and producers to refuse to sell to the Unity Grocery Company, by informing said manufacturers and producers that the members, constituting in their combined form The Atlanta Wholesale Grocers, objected to manufacturers and producers selling the Unity Grocery Company.

PAR. 17. Certain of the manufacturers and producers to whom respondent Walker Brothers Co. sent the wholesalers' letter of March 24, 1919, as hereinbefore set out, replied to said letter, and such replies indicated to Walker Brothers Co. that said manufacturers and producers had not fully understood the said letter of March 24, 1919, and on April 18, 1919, respondent Walker Brothers Co. sent out to the important manufacturers and producers selling grocery and other food products in the Atlanta market, another letter to explain and make clear the aforesaid letter of March 24, 1919. Walker Brothers Co. enclosed in this letter of April 18, 1919, a newspaper clipping which recited the fact that the wholesale grocers of Atlanta had organized for their mutual benefit. It is found that Walker Brothers Co. enclosed said newspaper clipping in said letter with the purpose of informing said manufacturers and producers that The Atlanta Wholesale Grocers were organized for their mutual cooperation and protection against any practices which they might deem to be unfair or detrimental to their interests. Walker Brothers Co.'s letter of April 18 reads as follows:

MR. MANUFACTURER

In re: Justice and Your Jobber.

The Manufacturer and the Jobber can not *both* sell the same Retail customer successfully.

Do you need the Jobber? If so, do you think there is any justice in the Manufacturer selling the Jobber's retail trade direct through a Buying Agency, such as the Unity Grocery Company and others, who neither employ traveling salesmen, or otherwise assist the Manufacturer in distributing his goods.

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The Wholesale Groceryman pays taxes, rents a warehouse, carries heavy stocks of goods, borrows large sums of money, extends *good credits* and *risky credits*, operates delivery trucks, and employs the best high class salesmen to be had.

All of this for what purpose?

To give the Manufacturer and the Retail Merchant the best known means of distribution.

The firm of Walker Brothers Company desires to continue in business and distribute your products, but if you "tie" our hands by selling direct some of our trade, what can we do?

We ask you, Mr. Manufacturer, most seriously, what you would do under similar circumstances?

We earnestly solicit your cooperation and support, and beg that we may all "pull" together as heretofore. The Manufacturer, The Jobber, The Retailer.

Most sincerely yours,

WALKER BROTHERS COMPANY.

FOOD FOR THOUGHT.

Possibly you do not know that the Unity Grocery Company of Atlanta, stock owned exclusively by Retail Merchants, *employs no Salesmen*, buys goods at Jobbers' cost, bills them out to its Stockholders, and collects for them the following week at Jobbers' cost plus 3%.

Do you think this is price cutting?

Can you expect your jobber to meet this kind of competition and discount his bills?

Do you think this plan of Unity Grocery Company distribution will increase your sales?

The newspaper clipping enclosed in the foregoing letter of April 18th, reads as follows:

HUDSON PRESIDENT OF ATLANTA WHOLESALE GROCERS ASSOCIATION.

The Atlanta Wholesale Grocers Association at a meeting Thursday afternoon in the Chamber of Commerce elected E. M. Hudson, of the McCord-Stewart Company, as president; J. N. Hirsch was named vice-president; A. W. Walker, secretary; and H. L. Singer, treasurer.

The wholesale grocers have organized for their mutual benefit and have filed an application for charter. It is expected that virtually every wholesale grocery firm in Atlanta will become indented with the Association.

The following firms already belong to the association: J. J. Barnes-Fain Company, Charles I. Branan, R. W. Davis & Co., Sam Saltzman, A. McD. Wilson Co., J. N. Hirsch, Paradise & Rich, Kelly Bros. Co., H. L. Singer Co., Conley & Ennis, Rogers-Prater Company, Johnson-Fluker & Co., Marett-Streater Company, Oglesby Grocery Company, McDaniel & Co., McCord-Stewart Company, Walker Brothers Company.

PAR. 18. On May 1, 1919, respondent Walker Brothers Co. sent out another letter to most of the manufacturers and producers from whom it buys goods. In this letter were enclosed copies of the letters

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sent out by Walker Brothers Co., under date of April 18th, as hereinbefore set out. Its letter of May 1st, reads as follows:

GENTLEMEN:

Re: Unity Grocery Company.

For your information we beg to state we have received very favorable replies, both direct and in person, from the majority of our manufacturing friends, whom we told our troubles to in the form of a circular letter addressed to "Mr. Manufacturer" on April 18th, a copy of this letter enclosed for ready reference.

The Atlanta situation, as we view it, is far more serious than, we believe, the Manufacturers realize, and, unless the Jobber is given immediate protection by the Manufacturer from this unjust method of competition, his usefulness as a distributor for the Manufacturer is going to be greatly reduced.

We have good reason to fear, and believe other Buying Agencies, similar to the Unity Grocery, will soon be organized in this city. Should this occur, you can readily see where your jobber will be, either out of business or in bankruptcy.

We firmly believe the jobber is the Manufacturer's best and most economical method of getting goods to the Retailer, and we earnestly solicit your cooperation.

Yours very truly,

WALKER BROTHERS COMPANY.

PAR. 19. During the period late spring and early summer following the sending out of the letters of March 24, 1919, by the respondent City Salesmen's Association and respondent wholesalers, as hereinbefore found, some of the respondent wholesalers, to wit, Walker Brothers Co., H. L. Singer Co., Oglesby Grocery Co., and Paradies & Rich, inquired of certain Atlanta brokers and employees representing manufacturers in the Atlanta market whether direct sales were being made to the Unity Grocery Company, and whether it was their intention selling direct to the Unity Grocery Company, and the above-named respondents referred to in this paragraph notified the said brokers and manufacturers' employees that they could not expect to retain the patronage, cooperation, and support of the respondent wholesalers referred to in paragraphs 2, 3, and 4 of these findings, if they continued to sell to the Unity Grocery Company.

PAR. 20. During the period of late spring and early summer following the sending out of the letters of March 24, 1919, by the respondent City Salesmen's Association and respondent wholesalers, as hereinbefore found, a number of brokers, agents, and salesmen representing grocery and other food product manufacturers and producers in the Atlanta market wrote the principals, whose lines of products said brokers, agents, and salesmen represented, that said respondent City Salesmen's Association and respondent wholesalers' letters of March 24, as aforesaid, were connected in one campaign and sent to all grocery and food product manufacturers and producers for the purpose of securing general action against sales direct to the Unity Grocery Company.

PAR. 21. On or about April 18, 1919, a number of Atlanta brokers, representing manufacturers of grocery and other food products, met in the city of Atlanta, Georgia, and organized. The purpose and object of this brokers' organization was to classify concerns to whom said brokers would sell and those to whom said brokers would not sell. At this organization meeting the question whether said brokers would sell to the Unity Grocery Company was discussed. These brokers decided to continue selling to the Unity Grocery Company for the time being.

PAR. 22. During the period of late spring and early summer following the sending out of the letters of March 24, 1919, by the respondent City Salesmen's Association and respondent wholesalers, as hereinbefore found, the Unity Grocery Company had fewer calls from brokers representing in the Atlanta market manufacturers of groceries and other food products. This conduct on the part of said brokers is attributable to the acts and conduct on the part of the respondent wholesalers and respondent City Salesmen's Association, as set forth in the foregoing paragraphs of these findings.

PAR. 23. That by reason of all of the acts, practices, and conduct on the part of respondent City Salesmen's Association and respondent wholesalers, as set forth in the foregoing paragraphs of these findings, the Unity Grocery Company's freedom to purchase and secure supplies, usually handled by it in the course of its business in interstate commerce, was unduly obstructed and interfered with. The Unity Grocery Company for a short period of time during the late spring and summer of 1919 was unable to purchase and secure supplies from the Southern Cotton Oil Company, of Savannah, Georgia; the Carnation Milk Company, of Chicago, Illinois; and Stokeley Brothers Company, of Newport, Tennessee.

PAR. 24. It is found that it was the common purpose of the respondent City Salesmen's Association, and respondents Walker Brothers Co., Kelly Brothers Co., Oglesby Grocery Co., H. L. Singer Co., R. W. Davis & Co., Paradies & Rich, Charles I. Branan, and Johnson-Fluker & Co., to induce manufacturers and producers through fear of united pressure exerted by them to interfere with the freedom of the Unity Grocery Company to obtain in interstate commerce groceries and other food products, and as a means to the attainment of such purpose pursued in common and in cooperation with each other the acts and conduct as found in the foregoing paragraphs of these findings. That the purpose and intent of all of the activities, as set out in these findings, on the part of the respondent City Salesmen's Association and respondent wholesalers, referred to

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in this paragraph, was unduly to hinder competition in interstate commerce between respondents Walker Brothers Co., Kelly Brothers Co., Oglesby Grocery Co., H. L. Singer Co., R. W. Davis & Co., Paradies & Rich, Charles I. Branan, and Johnson-Fluker & Co., and the Unity Grocery Company, and thereby unduly to hinder competition in the distribution and sale of groceries and other food products in interstate commerce.

PAR. 25. There is not sufficient evidence in the record to support a finding that respondents, J. J. Barnes-Fain Co., Marett-Streater Co., A. McD. Wilson Co., Conley & Ennis, McCord Stewart Co., McDaniel & Co., and J. N. Hirsch, were parties to the conspiracy alleged in the complaint and found in these findings.

CONCLUSION.

That the acts, agreements, understandings, policies, and practices of the respondents, City Salesmen's Association, Walker Brothers Co., Kelly Brothers Co., Oglesby Grocery Co., H. L. Singer Co., R. W. Davis & Co., Paradies & Rich, Charles I. Branan, and Johnson-Fluker & Co., and each and all of them 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 upon the complaint of the Commission, the answers of the respective respondents, the testimony and evidence, and the argument of counsel, and the Commission having made its findings as to the facts with its conclusion that respondent City Salesmen's Association, its officers, committees, and members, and respondents Walker Brothers Co., Kelly Brothers Co., Oglesby Grocery Co., H. L. Singer Co., Johnson-Fluker & Co., R. W. Davis, doing business under the name and style of R. W. Davis & Co., Paradies & Rich, and Charles I. Branan, 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 respondent City Salesmen's Association, its officers, committees, and members, Walker Brothers Co., Kelly Brothers Co., Oglesby Grocery Co., H. L. Singer Co., Johnson-Fluker & Co., R. W. Davis, doing business under the name and style of R. W. Davis & Co., Paradies & Rich, and Charles I. Branan, and each of them, forever cease and desist from—

1. Combining and conspiring together among themselves, or with others, and from using any scheme or device or means whatsoever, directly or indirectly, to accomplish that result, to hinder, obstruct, or prevent the Unity Grocery Company, or others engaged in similar business, from freely purchasing and obtaining, in interstate commerce, the commodities or products handled by said company in the course of its business, or from freely competing in interstate commerce with respondents Walker Brothers Co., Kelly Brothers Co., Oglesby Grocery Co., H. L. Singer Co., Johnson-Fluker & Co., R. W. Davis & Co., Paradies & Rich, and Charles I. Branan, or others engaged in similar business.

2. Combining and conspiring among themselves and with others to give, and from giving, directly or indirectly, verbal, written, or other notices or communications, to manufacturers and producers, their agents or brokers, having the purpose, tendency, or the effect of inducing, coercing, or compelling manufacturers and producers, their agents or brokers, to refuse to deal with or sell to the Unity Grocery Company, or others engaged in similar business, upon the same terms and conditions usually accorded by said manufacturers and producers to respondents Walker Brothers Co., Kelly Brothers Co., Oglesby Grocery Co., H. L. Singer Co., Johnson-Fluker & Co., R. W. Davis & Co., Paradies & Rich, and Charles I. Branan.

3. Combining or conspiring together among themselves, or with others, and from using any scheme or device or means whatsoever, to accomplish that result, directly or indirectly, to hinder, obstruct, or prevent manufacturers or producers, their agents or brokers, from dealing with the Unity Grocery Company, or others engaged in similar business, upon as favorable terms and conditions as those usually accorded by the said manufacturers or producers to respondents, Walker Brothers Co., Kelly Brothers Co., Oglesby Grocery Co., H. L. Singer Co., Johnson-Fluker & Co., R. W. Davis & Co., Paradies & Rich, and Charles I. Branan, or others engaged in similar business.

4. Combining and conspiring among themselves, or with others, to induce, coerce, or compel manufacturers or producers, or their agents or their brokers, directly or indirectly, to refuse to sell goods, wares, and merchandise to the Unity Grocery Company, or to others engaged in the same business, upon the same terms and conditions usually offered and given by the said manufacturers and producers, their agents or their brokers, to respondents Walker Brothers Co., Kelly Brothers Co., Oglesby Grocery Co., H. L. Singer Co., Johnson-Fluker & Co., R. W. Davis & Co., Paradies & Rich, and Charles I. Branan, or others engaged in the same business.

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5. Combining and conspiring among themselves, or with others, to boycott or threaten to boycott, or to threaten with loss of patronage or custom or support, any manufacturer or producer, or his agent or broker, engaged in interstate commerce, who sells or agrees to sell to the Unity Grocery Company, or others engaged in similar business, on the same terms and conditions accorded by such manufacturer or producer, or his agent or broker, to respondents Walker Brothers Co., Kelly Brothers Co., Oglesby Grocery Co., H. L. Singer Co., Johnson-Fluker & Co., R. W. Davis & Co., Paradies & Rich, and Charles I. Branan, or others engaged in the same business.

It is further ordered, That the respondents, City Salesmen's Association, its officers, committees, and members, Walker Brothers Co., Kelly Brothers Co., Oglesby Grocery Co., H. L. Singer Co., Johnson-Fluker & Co., R. W. Davis & Co., Paradies & Rich, and Charles I. Branan, and each of them, 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 they have complied with the order to cease and desist, hereinbefore set forth.

CASES IN WHICH ORDERS OF DISCONTINUANCE OR DISMISSAL HAVE BEEN ENTERED.

Date of order.	Docket No.	Respondents.	Commodity.	Charges.	Answer, stipulation, or trial.	Reason for discontinuance or dismissal.
1921. July 12	779	J. H. Dodson and F. M. Davis, partners, styling themselves The National Manufacturing Co.	Razors.....	False and misleading advertising and misbranding.	Answer.....	Discontinuance by respondents of the practices complained of and subsequent sale by them of their business.
15	609	Philadelphia Wholesale Drug Co., Frank R. Rohrman, Russell T. Blackwood, A. T. Pollard, Harry Z. Krupp, H. C. Clapham, G. W. Fohr, A. R. Hesske, J. N. G. Long, O. W. Osterlund, H. J. Seigfreid, F. P. Streeper.	Drugs and druggists' sundries.	Combination or conspiracy to punish a concern for its business course in certain matters and to coerce it by boycott into a more acceptable course.	Answer and trial...	No reasons assigned. Commissioner Gaskill dissents. ¹
20	620	White Sewing Machine Co.	Sewing machines, equipment and supplies.	Operating secret subsidiary or bogus independent.	Answer, stipulation, and respondent's motion to dismiss.	No reasons assigned; dismissed without prejudice.
26	568	Darling & Co.....	Animal fats (rendering and refining).	Espionage and cutting off competitors' supplies through paying prohibitive and unwarranted prices therefor.	Answer and trial...	Failure of proof.
29	461	E. I. Dupont de Nemours & Co.	Blasting powder.....	Tying and exclusive contracts and commercial bribery, the former being charged as in violation of section 3 of the Clayton Act as well as of section 5 of the Federal Trade Commission act.	Answer.....	No reasons assigned.
Aug. 3	608	Amico Oil Co. of Kansas.	Capital stock (oil)....	False and misleading advertising.....	do.....	Failure of proof.
3	619	Fawn Creek Oil & Gas Co.	do.....	do.....	Answer and trial...	Do.
19	731	The Excelsior Shoe Co.	Shoes.....	False and misleading advertising and mislabeling.	Answer.....	No reasons assigned; dismissed without prejudice.
Sept. 2	730	Frank Dalby and Walter Hardwick, doing business as a partnership under the firm name and style of Dalby & Hardwick.	Lumber, millwork, and building materials.	Harassing competitor.....	do.....	Do.

¹ The complaint in this case, and Commissioner Gaskill's written dissent from the action of the commission in dismissing the same, will be found set forth at p. 491 et seq.

CASES DISMISSED.

CASES IN WHICH ORDERS OF DISCONTINUANCE OR DISMISSAL HAVE BEEN ENTERED—Continued.

Date of order.	Docket No.	Respondents.	Commodity.	Charges.	Answer, stipulation, or trial.	Reason for discontinuance or dismissal.
1921. Sept. 16	768	Keen & Collins, Inc....	Ladies' wearing apparel.	False and misleading advertising.....		No reasons assigned; dismissed without prejudice.
Oct. 8	399	American Dental Trade Assn., The Dental Manufacturers' Club, American Retail Dental Dealers' Assn., I. H. Hettinger, R. C. Shumway, G. Layton Grier, A. R. Keltie, J. R. Sheppard, C. O. Rother, H. A. Slaight, F. J. Crandell, Park Billings, A. R. Weber, Royal Partridge, and George J. Holden.	Dental goods.....	Resale price maintenance and combination and conspiracy to secure monopoly.	Answer and trial...	Do.
8	750	Benjamin H. Cappe, trading under the name and style of Asbestos Roofing Company.	Roof coating preparation.	False and misleading advertising.....	... do.....	Failure of proof.
8	782	D. J. Carpenter, trading under the name and style of U. S. Salvage Co.	Men's clothing, shoes, tents, blankets, cots, mattresses, paints, oils, etc.	False and misleading advertising and assuming misleading firm or trade name.		Respondent has gone out of business and its affairs are in the hands of a trustee in bankruptcy.
Nov. 8	205	Tobacco Products Corporation; The Melachrino Tobacco Trading Co.; Schinasi Bros., Inc.; Prudential Tobacco Co., Inc.; Falk Tobacco Co.; Geo. L. Storm; Reuben M. Ellis; Albert Falk; Jacob L. Hoffman; James M. Dixon; Gray Miller; L. B. McKitterick; and Leon Schinasi.	Tobacco products.....	Bogus independents; discriminating commissions calculated to stifle competition; and tying and exclusive contracts; in violation of sec. 5 of the Federal Trade Commission act, and price discrimination, acquisition of stock to eliminate competition, and interlocking directorates in violation of secs. 2, 7, and 8, respectively, of the Clayton Act.	Answer.....	No reasons assigned; dismissed without prejudice.

10	576	P. A. Starck Piano Co.	Pianos and player pianos.	False and misleading advertising and misrepresenting prices to be charged.	Answer and trial...	Do.
12	580	Crocker Brothers; Frank Samuel and C. W. Leavitt & Co.	Ferromanganese	"Dumping" (respondents, importers, are charged with systematically importing and selling ferromanganese in this country "at prices substantially less than the actual market value or wholesale price of ferromanganese at the time of exporting such ferromanganese to the United States, in the principal markets of England, after adding to such value or wholesale price the freight and other expenses necessarily incident to the importation and sale thereof in the United States," with the intent in so doing "of injuring the industry of manufacturing ferromanganese in the United States?").	do.....	Failure of proof.
12	604	David Kahn & Benjamin Shatkun, doing business under the firm name and style of Shatkun & Kahn.	Fountain pens.....	Misbranding.....	Answer and stipulation.	No reasons assigned; dismissed without prejudice.
Dec. 8	586	Southern Macaroni Mfg. Co.	Macaroni and spaghetti.	Subsidizing jobbers and their salesmen.....	Answer.....	Do.
12	754	H. Skourup and D. E. Toplon, partners, styling themselves National Products Co.	Groceries.....	Misrepresenting prices charged (through use of combination sales plan).	Answer and trial...	Failure of proof. Commissioner Murdock dissents.
13	541	Story & Clark Piano Co.	Pianos and player pianos.	False and misleading advertising and misrepresenting prices charged (instruments offered and sold have stenciled thereon false and fictitious prices greatly in excess of the prices intended to be and exacted).	Answer.....	Dismissed without prejudice; no reasons assigned.
1922. Jan. 14	751	Crystal Ice & Storage Co.	Ice cream.....	Acquisition of stock of competing corporations, with the effect of substantially lessening competition and of tending to create a monopoly in the line of commerce involved; in violation of secs. 5 and 7 of the Federal Trade Commission and Clayton Acts, respectively.	Answer and trial...	Failure of proof.
20	404	Buffalo Steam Roller Co.	Road machinery, steam rollers, and kindred products.	Commercial bribery. (Money, gratuities, and entertainment, and payment of expenses of public officials and their representatives to respondent's place of business to inspect respondent's products.)	do.....	No reasons assigned; dismissed without prejudice.
20	431	The Barber Asphalt Paving Co.	Road-building machinery and similar products.	Commercial bribery. (Gratuities and entertainment and payment of expenses of inspection trips of public officials and their representatives to respondent's place of business to inspect respondent's products.)	do.....	Do.

CASES DISMISSED.

CASES IN WHICH ORDERS OF DISCONTINUANCE OR DISMISSAL HAVE BEEN ENTERED—Continued.

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FEDERAL TRADE COMMISSION DECISIONS.

Date of order.	Docket No.	Respondents.	Commodity.	Charges.	Answer, stipulation, or trial.	Reason for discontinuance or dismissal.
1922. Jan. 20	432	Dyar Supply Co.....	Road machinery and kindred products.	Commercial bribery. (Money, gratuities, and entertainment.)	Answer and trial...	Failure of proof.
20	433	Chas. Hvas & Co., Inc.	Road - building and street-cleaning machinery and kindred products.	Commercial bribery. (Money, gratuities, and entertainment and payment of expenses of public officials and their representatives to respondent's place of business to inspect respondent's products.)	do.....	Do.
20	440	Chamberlain Road Machine Co.	Road machinery and similar products.	Commercial bribery. (Gratuities and entertainment and payment of expenses of public officials and their representatives to respondent's place of business to inspect respondent's products.)	do.....	Do.
20	496	Universal Road Machinery Co.	Road - building and street-cleaning machinery and similar products.	do.....	do.....	No reasons assigned; dismissed without prejudice.
20	497	New England Road Machinery Co.	Road - building machinery and kindred products.	Commercial bribery. (Money, gratuities, and payment of expenses of public officials and their representatives to respondent's place of business to inspect respondent's products.)	do.....	Do.
20	707	Buffalo-Springfield Roller Co.	Road rollers and other road machinery.	Commercial bribery. (Gratuities and entertainment and payment of expenses of public officials and their representatives to respondent's place of business to inspect respondent's products.)	do.....	Do.
21	516	The Mountain City Mill Co., a corporation styling itself The Chattanooga Bakery.	Bakery products.....	Subsidizing salesmen.....	Answer.....	Do.
21	563	Rueckheim Bros. & Eckstein.	Candy and kindred products.	do.....	Answer and stipulation.	Do.
21	585	Larabee Flour Mills Corp.	Flour.....	Subsidizing merchants and their salesmen.....	Answer.....	Do.
21	589	Ex-Zact Food Products Co.	Fruit nectars, fruit sirup, flavoring extracts, baking powders, pudding powders, and similar products.	Subsidizing salesmen.....	do.....	Do.
21	617	Southern Mfg. Co.....	Baking powder.....	do.....	do.....	Do.
21	805	Newcorn & Green.....	Men's tailoring establishment.	False and misleading advertising.....	Answer and trial...	Failure of proof.

Feb. 8	810	Abraham Belofsky and Benjamin Cutler, partners, styling themselves Keystone Specialty Co.	Razors.....	Misrepresenting prices expected to be and normally charged.	do.....	Business in question carried on by one of the partners trading alone, and not in partnership as alleged in the complaint, said partnership having been dissolved some time prior thereto, and neither the partnership nor the individual carrying on the business engaged in interstate commerce.
10	815	Stella Wagner, trading under the name and style of Wagner Art Co., and W. L. M. Clark.	Embroidery needles.....	do.....	do.....	Failure of proof.
24	438	The Barr Sales Co.....	Road machinery, culvert pipe, and similar products.	Commercial bribery (money, gratuities, and entertainment, and payment of expenses of public officials and their representatives to respondent's place of business to inspect respondent's products).	do.....	No reason assigned.
24	566	F. J. O'Neil Medicine Co.	Proprietary medicine..	Simulation of trade-mark, advertising matter, form of contract for special agencies, containers, and preparation of competitor, and falsely claiming trade-mark registration of alleged trade-mark.	do.....	Do.
24	830	David Halpern.....	Manufacture and sale of clothing for men and boys.	Misleading adoption and use of trade names or brands (respondent, a New York manufacturer, tags his clothes "Rochester Fashion Clothes," "Rochester High Grade Clothes," and "Rochester H. G. Clothes," without proper distinguishing marks to show place of origin.	do.....	Respondent not engaged in interstate commerce "for five years last past."
25	355	The Adder Machine Co.	Typewriting, calculating, and adding machines.	System of cumulative rebates or discounts calculated to cause dealers to confine their purchases largely or exclusively to respondent's products; ² quantity discounts based on aggregate number of machines used by prospective purchaser irrespective of their make, with the effect of preventing the small user or purchaser from obtaining the same discounts, and giving an undue advantage to the large purchaser or user.	Answer and trial...	Evidence not sufficient to support an order; dismissed without prejudice.
25	361	Accounting Machine Co., Inc.	do.....	System of cumulative rebates or discounts calculated to cause dealers to confine their purchases largely or exclusively to respondent's products. ²	do.....	Do.

² The language of the complaint with respect to this charge reads: "That the respondent maintains in its business a system of giving cumulative discounts or rebates in the sale of its products whereby purchasers of its products obtain at the end of each calendar year, or at the end of a definite period, certain rebates or discounts based and estimated upon the aggregate of the separate purchases made by such dealers during the calendar year or such fixed period; that the said system was and is designed and calculated to cause such purchasers to confine their purchases, either largely or exclusively, to the products of the respondent and to hinder or prevent respondent's competitors from making sales of similar products to such purchasers except at so low a price as will not only meet the price of the respondent on its separate sales, but will also offset the loss in rebates or discounts resulting to such purchasers in the event that they divide their purchases during the year between respondent and one or more of its competitors instead of purchasing exclusively from the respondent."

CASES IN WHICH ORDERS OF DISCONTINUANCE OR DISMISSAL HAVE BEEN ENTERED—Continued.

Date of order.	Docket No.	Respondents.	Commodity.	Charges.	Answer, stipulation, or trial.	Reason for discontinuance or dismissal.
1922. Feb. 25	362	Burroughs Adding Machine Co.	Typewriting, calculating and adding machines.	System of cumulative rebates or discounts calculated to cause dealers to confine their purchases largely or exclusively to respondent's products.	Answer and trial..	Evidence not sufficient to support an order.
25	364	The Dalton Adding Machine Co.	do.....	do.....	do.....	Do.
25	365	Ellis Adding Typewriter Co.	do.....	do.....	do.....	Do.
25	366	International Money Machine Co.	do.....	do.....	do.....	Do.
25	367	Marchant Calculating Machine Co.	do.....	do.....	do.....	Do.
25	369	Rockford Milling Machine Co.	do.....	do.....	do.....	Do.
25	370	Tector Adding Machine Co.	do.....	do.....	do.....	Do.
Mar. 8	437	J. D. Adams & Co....	Road machinery and kindred products.	Commercial bribery (money, gratuities, and entertainment, and payment of expenses of public officials and their representatives to respondent's place of business to inspect respondent's products).	do.....	Failure of proof.
8	808	Adolphe W. Harper, trading under the the name and style of A. W. Harper Ship Chandlery.	Ship chandlery supplies.	Commercial bribery (cash commissions and gratuities).	do.....	No reason assigned.
9	702	Western Electric Co., Inc.	Telephonic appliances, equipment, and supplies.	Tying and exclusive contracts in violation of secs. 5 and 3 of the Federal Trade Commission and Clayton Acts; misrepresentations concerning and affecting the use of competitors' appliances, using influence of banks to induce purchase of respondent's supplies, procuring or attempting to procure cancellation of contracts for purchase of equipment from competitors, and misrepresenting competitors' plans, all in violation of sec. 5 of the Federal Trade Commission Act.	Answer.....	Do.
15	259	Oldbury-Electro-Chemical Co., J. L. & D. S. Ricker, Inc., and Central Railway Signal Co.	Perchlorate of potash..	Combining or conspiring to cut off competitors' supplies.	Answer and trial...	No reasons assigned; dismissed without prejudice.

15	762	Dixie Manufacturing Co., Inc.	Razors.....	Misrepresenting prices expected to be and usually charged; false and misleading advertising and misrepresenting respondent's business status and dealings.	do.....	Respondent corporation by operation of law has ceased to exist.
18	846	A. S. Fox, trading under the name and style of Franklin Tire & Rubber Co., and L. Goodman.	Automobile tires.....	Appropriation of corporate name of competitor as a trade name.	do.....	No reasons assigned; dismissed without prejudice.
20	674	Davidson, Seay, Adams Co.	Poultry, eggs, and other produce.	Cutting off competitors' supplies.....	Answer and trial...	No reasons assigned.
Apr. 3	757	Burk-Rex Oil Co. and James A. Buie.	Capital stock.....	False and misleading advertising and misleading course of conduct.	do.....	Failure of proof.
4	718	Wood & Co.....	Coffee, teas, and spices.	Tying or exclusive contracts or dealings in violation of secs. 5 and 3 of the Federal Trade Commission and Clayton Acts, respectively.*	do.....	No reasons assigned.
4	719	Commercial Importing Co., Inc.	do.....	do.....	do.....	Do.
4	720	Richardson & Holland, Inc.	do.....	do.....	do.....	Do.
4	721	D. Davies & Co.....	do.....	do.....	do.....	Do.
4	722	Matthews & Kerr, Inc.	do.....	do.....	do.....	Do.
4	723	Defiance Tea & Coffee Co., Inc.	do.....	do.....	do.....	Do.
4	724	Martin Marks Coffee Co.	do.....	do.....	do.....	Do.
6	595	Dove Oil Co.....	Capital stock.....	False and misleading advertising.....	do.....	Do.
10	732	Winthrop Chemical Co., Inc.	Veronal.....	False and misleading advertising. (Respondent, claiming under a patent and trade-mark purchased of the Alien Property Custodian during the war, advertised that it alone made genuine veronal, the fact being that prior thereto the Federal Trade Commission licensed three concerns, not including respondent, under the "Trading with the enemy act," to make and sell the preparation theretofore known as veronal.)	do.....	"The patent in question expired Feb. 14, 1922, and the commission's license under such patent automatically expired with the patent, and therefore the commission has no jurisdiction in the premises."
May 4	607	Iowa-Nebraska-Minnesota Wholesale Grocers Assn., its officers and members.	Groceries and food products.	Combining and conspiring to cut off supplies of nonmember competitors through "boycott, threats of boycott, withdrawal of patronage, and threats of the same, and by various other means" of coercion directed at the manufacturers from whom they purchased.	do.....	No reasons assigned. Dismissed without prejudice.

* The complaint, omitting the routine and formal allegations, charges that respondent "Loans to proprietors of hotels, restaurants, and other places where meals are served to the public, sets of coffee urns * * *, which urns are loaned as aforesaid without consideration other than that the customers receiving same, at the instance and request of respondent, enter into agreements or understandings with respondent that they will thereafter purchase from respondent all coffee, teas, and spices consumed by them in carrying on their respective business; that the practice * * * has a dangerous tendency unduly to hinder competition * * *", and that the effect thereof "May be to substantially lessen competition in, and create a monopoly in, the line of commerce herein" involved.

CASES DISMISSED.

CASES IN WHICH ORDERS OF DISCONTINUANCE OR. DISMISSAL HAVE BEEN ENTERED—Continued.

Date of order.	Docket No.	Respondents.	Commodity.	Charges.	Answer, stipulation, or trial.	Reason for discontinuance or dismissal.
1922. May 5	616	Quaker Oil Products Corp.	Oils (for leather, textile, and metal industries).	Commercial bribery (money and gratuities).....	Answer and trial...	No reasons assigned.
6	733	E. F. Houghton & Co..	Textile soaps and greases.	Commercial bribery (cash commissions).....	do.....	Do.
8	756	Muckleston Oil Co. and N. Muckleston.	Capital stock.....	False and misleading advertising in connection with the sale of oil stock.	do.....	Do.

COMPLAINT IN THE MATTER OF THE PHILADELPHIA WHOLESALE DRUG CO. ET AL., AND OPINION BY COMMISSIONER GASKILL DISSENTING FROM THE ACTION OF THE COMMISSION IN DISMISSING THE SAME.¹

COMPLAINT.

I.

The Federal Trade Commission, having reason to believe from a preliminary investigation made by it that the Philadelphia Wholesale Drug Company, Frank R. Rohrman, Russell T. Blackwood, A. T. Pollard, Harry Z. Krupp, H. C. Clapham, G. W. Fohr, A. R. Hesske, J. N. G. Long, O. W. Osterlund, H. J. Seigfreid, and F. P. Streeper, all of whom are 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, Philadelphia Wholesale Drug Company, is a corporation organized and existing under the laws of the State of Pennsylvania, with its principal place of business in Philadelphia, in said State. That the respondents Frank R. Rohrman, Russell T. Blackwood, A. T. Pollard, and Harry Z. Krupp are stockholders and chief executive officers of said Philadelphia Wholesale Drug Company. That the respondents H. C. Clapham, G. W. Fohr, A. R. Hesske, J. N. G. Long, O. W. Osterlund, H. J. Seigfreid, and F. P. Streeper are stockholders and members of the Board of Directors of said Philadelphia Wholesale Drug Company.

PAR. 2. That there are in excess of five hundred stockholders of said Philadelphia Wholesale Drug Company, nearly all of whom are engaged in the business of conducting retail drug stores in the State of Pennsylvania and States adjoining thereto, including New Jersey, Delaware, Maryland and Virginia; that in addition to said stockholders there are approximately two hundred and seventy other proprietors of retail drug stores in said States to whom said Philadelphia Wholesale Drug Company has given certain purchasing privileges substantially equal to those enjoyed by the stockholders of said Philadelphia Wholesale Drug Company. That said stockholders and those to whom said purchasing privileges have been given, aggregate approximately eight hundred in number and constitute a

¹ Docket 600. See table preceding, p. 483.