

Complaint.

FEDERAL TRADE COMMISSION

v.

OLD DOMINION OIL CO. ET AL.

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

Docket 861—May 4, 1923.

SYLLABUS.

Where four oil corporations, professedly independent, but secretly operated as a business unit, and individuals either responsible for or connected with their promotion and organization; in pushing the sale of their stock, and with the effect of aiding therein,

- (a) Misrepresented, by advertisements and otherwise, the organization, production, nature, extent, and location of the leases, assets, resources, business progress, good will and prospects of said corporations;
- (b) Represented that all funds derived from the sale of stock would be devoted to developing the properties of the several companies; the fact being that under the agreements entered into prior to their promotion, one third of said funds was appropriated by the aforesaid individuals, and another third devoted to the payment of said individuals' salaries and the payment of stock-selling and office expenses;
- (c) Paid extravagant pretended dividends, although at no time did the corporations possess sufficient funds derived from sources from which dividends could properly be paid;
- (d) Following a merger, continued and largely advertised the payment of pretended dividends, and sold some of the corporations' most valuable properties at a sacrifice in order so to do; thereby inducing the purchase of large amounts of stock; and
- (e) Thereafter, for the purpose of stimulating the sale of stock, promised that a dividend would be paid on a day certain, widely advertised the promised payment, and urged everyone immediately to buy all they could; as prospects of the company were never so bright, its stock would be withdrawn from sale in the near future at a date certain, etc.; the fact being that all of said statements were false and the company was totally insolvent;

Held, That such practices, 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 Old Dominion Oil Company, Great Western Oil Company, Bethlehem Oil Company, Metropolitan Oil Company, O. L. Pardue, A. B. Pardue, J. H. West, J. L. Stout, H. J. Gingles, W. B. Young, and J. D. Towner, hereinafter referred to as the respondents, have been and are using

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unfair methods of competition, 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 respondents, O. L. Pardue, A. B. Pardue, J. H. West, J. L. Stout, H. J. Gingles, and W. B. Young, are residents of the State of Texas, each having his office and principal place of business in the city of Houston, in said State; and that respondent, J. D. Towner, is a resident of the State of Tennessee, having his office and principal place of business at Memphis, in said State.

PAR. 2. That the respondent, O. L. Pardue, during the year 1919 promoted and caused to be organized the following respondent corporations to wit: The Old Dominion Oil Company, Great Western Oil Company, the Bethlehem Oil Company, and the Metropolitan Oil Company, each of which ever since has been and now is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Texas;

That in the organization and promotion of said companies and in the advertisement and offer for sale of stock therein, as well as in its actual sale and distribution to purchasers thereof or subscribers therefor in the various States of the United States, there were associated with respondent O. L. Pardue, respondents J. H. West and other persons in connection with respondent Old Dominion Oil Company; respondents H. J. Gingles and J. L. Stout in connection with respondent Great Western Oil Company; respondent J. L. Stout and other persons in connection with the respondent the Bethlehem Oil Company; respondents A. B. Pardue, H. J. Gingles, and other persons in connection with the respondent the Metropolitan Oil Company;

That the said individual respondents since the organization of said companies have conducted and manipulated the property and affairs of each and all of them as one business unit, and at all times hereinafter mentioned said companies have been and were so conducted by respondents, in conjunction with each other, and under the direction and control of respondent, O. L. Pardue; and they failed to disclose to the purchasing public the intimate relations existing between them and each of them, but represented such companies as separate and independent organizations.

PAR. 3. That each of the said respondent corporations had authorized capital stock of three hundred and fifty thousand dollars, all

of which immediately after their several organizations was issued to the individual respondents mentioned in paragraph 2 as particularly associated with the promotion of each corporate respondent, in consideration of the transfer to it or them, of oil leases on certain lands, which were of doubtful or no value, and thereafter each of said individual respondents returned said stock to the corporate treasuries of said respondent companies, under an agreement that they and each of them would pay to said individual respondents and assignors of said stock one-third of the proceeds derived from its sale, and apply one-third to the development of the various oil lands and leases, the remaining one-third to be devoted to payment of salaries and the expenses incident to the sale by respondents of the stock of the several companies.

PAR. 4. That the said respondents so associated as described in paragraph 2, on behalf of, in conjunction with, and under the direction and control of respondent O. L. Pardue, in conducting the business of promoting and organizing the said oil companies with which they and each of them have been or were severally identified as aforesaid, have caused to be transported through the mails and otherwise large quantities of letters, circulars, and advertising matter into and through the various States and Territories of the United States, and have procured subscriptions for and sold stock in all of said companies, to many persons, partnerships, and corporations throughout the United States, and have transported or caused to be transported the particular stock sold as aforesaid in the specific company or companies in the promotion and organization of which they and each of them have been or were participating as hereinbefore set forth; from the city of Houston, in the State of Texas, to the purchasers thereof in the various other States in the United States, and in direct competition with other persons, copartnerships, and corporations engaged in the sale and distribution of stocks and securities.

PAR. 5. That the respondent, O. L. Pardue, for himself and the said respondent companies, and while acting as a promoter and organizer thereof, and the respondents A. B. Pardue, J. H. West, J. L. Stout, H. J. Gingles, W. B. Young, and J. D. Towner, each for himself and associated as aforesaid, in conjunction with, on behalf and under the direction and control of respondent O. L. Pardue, and in connection with the particular company or companies with which each of them has been or was identified as described in paragraph 2 hereof, have deceived and defrauded the public, particularly that part thereof who have purchased or contracted to purchase stock in the said companies, or either or any of

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them, by means of false and misleading advertisements, false representations, false pretenses, and by making, publishing, advertising, and circulating false and misleading reports, false statements, and false representations regarding the plan of organization, assets, resources, business progress, good will, and prospects of the various companies aforesaid and of the standing, ability, and integrity of O. L. Pardue, and for such purpose the respondents so associated in respect to the said companies as hereinbefore indicated, more particularly represented, advertised, published, and circulated the following statements and representations, by means of which they and each of them have sold much of the stock of said companies in and through the various States and Territories of the United States, to wit:

That well No. 1 of the Old Dominion Oil Company in Block 818 in Northwest Extension Burkburnett was brought in February 14, 1920, with a production of 800 barrels per day;

That well No. 2 of said company was brought in May 6, 1920, with a production of 700 barrels per day;

That well No. 3 was brought in April 28, 1920, with a production of 1,200 barrels per day;

That the Old Dominion Oil Company controlled thirty acres in the heart of the biggest gushers in the Northwest Extension of Burkburnett;

That wells of the Old Dominion Oil Company, Nos. 1, 2, and 3, at Breckenridge were producing 1,000 barrels of oil daily and well No. 4 was producing 780 barrels of oil daily;

That the Old Dominion Oil Company enjoyed production from nine wells, on account of which it was receiving more than \$100,000 per month;

That on May 1, 1920, the respondent the Great Western Oil Company brought in a big well which produced 1,000 barrels of oil per day and had secured another tract of about ten acres in the heart of gusher territory, Northwest Extension of Burkburnett;

That the respondent, the Bethlehem Oil Company, had one of the biggest gushers in the Breckenridge field producing 1,200 barrels of oil daily and enjoyed production sufficient for payment of big dividends;

That the respondent, Metropolitan Oil Company, had extensive production from its wells at Breckenridge;

That the leases and other holdings of the respondent, Metropolitan Oil Company, at Blue Ridge were in the very heart of such field;

That all funds derived from the sale of stock would be devoted to development of the properties of the several respondent companies;

That the gross proceeds from oil and other sales would be devoted to payment of dividends;

PAR. 6. That the production of said wells Nos. 1, 2, and 3 of the respondent, Old Dominion Oil Company, in the Northwest Extension of Burkburnett was grossly exaggerated and the said respondent was entitled to less than one-fourth thereof;

That the thirty acres controlled by said respondent instead of being located in the heart of the biggest gushers in the Northwest Extension of Burkburnett was situated in an undeveloped area southwest of the proven territory in said field;

That said respondent was only entitled to one twenty-fourth of the production from wells Nos. 1, 2, 3, and 4 at Breckenridge; and its maximum returns during the brief period of production enjoyed by it was \$30,000 per month instead of \$100,000;

That respondent, Great Western Oil Company, grossly exaggerated the production from its so-called big well in Northwest Extension of Burkburnett and its ten-acre tract instead of being in the heart of gusher-producing territory was located entirely outside of the proven area;

That respondent, Bethlehem Oil Company, was entitled only to one twenty-fourth of the production from its so-called big gusher at Breckenridge, which was the identical well advertised by respondent, Old Dominion Oil Company, as its "gusher";

That respondent, Metropolitan Oil Company, instead of possessing extensive production from its well at Breckenridge was entitled only to one twenty-fourth of the production therefrom and its leases and other holdings at Blue Ridge were located on the edge of such field and beyond the vicinity of any production at all;

That by reason of the agreement under which the corporate respondents acquired their treasury stock from the individual respondents no more than one-third of the proceeds from its sale could be applied to the operation or development of their respective properties or leases;

That the moneys from time to time distributed among shareholders by respondents and called by them dividends were the gross proceeds from sales of various producing and other properties of said corporate respondents, on the strength of whose ownership respondents had been able to advertise and sell their stock;

That at no time during the promotion of said companies or any of them, or while their stock was offered and sold, or thereafter was the

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production derived by respondent companies from the said wells or any of them sufficient to warrant payment of a dividend by them or either or any of them;

That said individual respondents, under the direction and control of respondent, O. L. Pardue, while engaged, as aforesaid, in the advertisement and sale of stock in the various companies, by and through the representations specified in paragraph 5 hereof, particularly those relating to the ownership of producing wells and leases in proven areas, were also engaged in the sale or other disposition of any and all of the several properties of the said corporate respondents, from which money might be realized, or which contributed any element of value to their various stocks; and neither they nor any or either of them disclosed to the public or any portion thereof that they, the said individual respondents, were appropriating to themselves the greater portion of proceeds from sale of said stocks, and depleting the resources and impairing the capital of said companies and each of them, by sale of their only valuable holdings in order to obtain funds for the so-called dividends.

PAR. 7. That in the promotion and organization of said respondent companies, neither the respondent, O. L. Pardue, their promoter nor any of their other officers or agents named as respondents herein, contributed any money to, or purchased any stock in, any of said companies, for cash, but on the contrary, the said companies and each and all of them were used as agencies to enable the respondent, O. L. Pardue, and the other respondents, to unload on the said companies certain oil leases owned by them at greatly excessive and fictitious prices; and the affairs of said companies were at all times conducted in the interest and for the benefit of the respondent, O. L. Pardue, and his associates, herein named as respondents, and against the interests of the other stockholders, who provided the respondent companies with all of the capital which they or any of them possessed.

PAR. 8. That the natural and probable tendency of each and all of the said representations so made to the public by respondents, in procuring subscriptions for and selling stock in said companies was, and they and each of them were, calculated to induce subscriptions for and purchase of said stocks, and many persons in various States of the United States to whom such representations or some one or more of them were made as aforesaid by respondents, believed them to be true, or some one or more of them, and relying thereon and because thereof, purchased a considerable amount of shares in said companies, or in one or more of them.

PAR. 9. That by reason of the facts recited, the respondents have been and 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 upon the Old Dominion Oil Company, the Great Western Oil Company, the Bethlehem Oil Company, the Metropolitan Oil Company, O. L. Pardue, A. B. Pardue, J. H. West, J. L. Stout, H. J. Gingles, W. B. Young, and J. D. Towner, charging them with the use of unfair methods of competition in commerce in violation of the provisions of said act.

The respondents having filed their answers and the respondents, Old Dominion Oil Company, Great Western Oil Company, Bethlehem Oil Company, Metropolitan Oil Company, O. L. Pardue, A. B. Pardue, J. D. Towner, and J. H. West, having entered their appearances by their attorneys, Messrs. Hunt and Teagle and J. E. Price, respectively, and the respondents, H. J. Gingles and W. B. Young, having appeared in person, and respondent, J. L. Stout, having appeared neither in person nor by attorney, hearing was had before George McCorkle, an examiner of the Commission theretofore duly appointed, and testimony being introduced in behalf of the Commission and on behalf of the respondents, and the examiner having made his report upon the facts, and the attorney for the Commission having filed exceptions thereto, and having filed a brief, and the issues herein having been presented to the Commission for final consideration and determination,

The Federal Trade Commission having fully considered the record herein, and being fully advised in the premises, now makes its report and findings as to the facts and conclusion:

FINDINGS AS TO THE FACTS.

PARAGRAPH 1. That respondents, O. L. Pardue, A. B. Pardue, J. H. West, J. L. Stout, H. J. Gingles, and W. B. Young, are residents of the State of Texas, each having his office and place of business in the city of Houston in said State. Respondent J. D. Towner is a resident of the State of Tennessee, having his office and principal place of business in Memphis in said State.

PAR. 2. That O. L. Pardue, respondent, during the year 1919, promoted and caused to be organized the following respondent

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corporations, to wit: The Old Dominion Oil Company, the Great Western Oil Company, the Bethlehem Oil Company, and the Metropolitan Oil Company, each of which is a corporation organized and existing and doing business under and by virtue of the laws of the State of Texas.

That in the promotion of said companies, the sale and offering for sale, through advertisements and otherwise, of stock in same as well as its actual sale and distribution to purchasers thereof or subscribers therefor in the various States of the United States, there were associated with respondent O. L. Pardue, respondent J. H. West and others in connection with the respondent Old Dominion Oil Company; in connection with the respondent Great Western Oil Company, H. J. Gingles and J. L. Stout; in connection with the respondent Bethlehem Oil Company, respondents J. D. Towner, J. L. Stout, and other persons; and in the organization and promotion of the Metropolitan Oil Company there were associated with O. L. Pardue respondents H. J. Gingles and A. B. Pardue.

The said respondents, since the organization of the said companies, have conducted them as one business unit with interlocking directorates and officials of one corporation were and have been officials of the other corporations so that they have been and were at all times so conducted by respondents, and [were] all of them, under the direction and control of respondent O. L. Pardue. This intimate business relation that existed between the several companies was never advertised but it was held out to the public that said companies were separate and entirely independent of each other.

PAR. 3. Each of the said respondent companies had an authorized capital stock of \$350,000 all of which, after their several organizations, was issued to the individual respondents above mentioned as particularly associated with the promotion of each corporate respondent in consideration of the transfer to it or them of oil leases on certain lands which were of uncertain value and thereafter each of the individual respondents returned said stock to the corporate treasury of the respondent companies under an agreement that each of said corporate respondents would pay to said individual respondents, or assignors of the said stock, one-third of the proceeds derived from its sale and apply one-third to the development of the various oil lands and leases, and the remaining one-third to be devoted to the payment of the salaries and expenses incident to the sale by respondents of the stock of the several respondent companies.

PAR. 4. The said respondents, so associated and in conjunction with and under the direction of O. L. Pardue in promoting and organizing the said oil companies with which they and each of them

were and have been identified, have caused to be distributed through the mail and otherwise, large quantities of letters, circulars, and advertising matter into and through the various States and Territories of the United States and have procured subscriptions for and sold stock in all of said companies to many persons, partnerships, and corporations throughout the various States of the United States and have transported the said stock as aforesaid in the specific companies in the promotion and organization of which they, and each of them, have been and were participating and as hereinbefore set forth, from the city of Houston in the said State of Texas to the purchasers thereof in the various other States of the United States in direct competition with other persons, partnerships, and corporations engaged in the sale and distribution of stock and securities.

PAR. 5. That the respondent, O. L. Pardue, for himself and the respondent companies, and A. B. Pardue, J. H. West, H. J. Gingles, W. B. Young, and J. D. Towner, each for himself and associated as aforesaid, and in conjunction with and under the direction of the respondent O. L. Pardue and in connection with the particular company or companies with which each of them was and has been identified, have deceived and defrauded the public, particularly that part thereof who have purchased or contracted to purchase stock in said companies or any of them, by means of false and misleading advertisements, false representations and false and misleading statements and reports regarding the organization, assets, resources, business progress, good will and prospects of the various companies aforesaid, and for such purpose represented, advertised, and circulated the following statements and representations by means of which they and each of them sold much of the stock of said companies in and through the various States and Territories of the United States, to wit:

1. That wells Nos. 1, 2, and 3 of the Old Dominion Oil Company were brought in with an initial production of 2,700 barrels per day, whereas in truth the total production of oil received by the Old Dominion Oil Company from said wells during the entire time of their activity amounted to only 2,759.75 barrels, such time covering period from March, 1920, to August 7, 1920.

2. That the Old Dominion Oil Company controlled thirty acres in the heart of the biggest gushers in the Northwest Extension of Burkburnett, whereas in truth and in fact the said acreage was southwest of the proven territory in said Burkburnett oil field.

3. That wells Nos. 1, 2 and 3 of the Old Dominion Oil Company in the Breckenridge oil field were producing 1,000 barrels of oil daily and well No. 4 was producing 780 barrels of oil per day when

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the facts were that at the time of this representation, to wit, the fall of 1920, the Old Dominion Oil Company was entitled to only one twenty-fourth interest in the production of said wells, which interest during the brief period of their operation amounted to but 12,395 barrels, which was much less than the amount claimed.

4. That on May 1, 1920, the Great Western Oil Company brought in a large well which produced 1,000 barrels of oil per day and the said company had secured another tract of about 10 acres in the heart of the gusher territory of the Northwest Extension of Burkburnett, whereas in truth the total production of said well during its entire period of activity, covering a period from May to August, 1920, was only 926.69 barrels and the Great Western Oil Company was entitled to only one-fourth of said production and the advertised statement that it, the said Great Western Oil Company, had secured another tract of about 10 acres in the heart of the gusher territory of the Northwest Extension of Burkburnett, was also untrue as the said tract was in Block 69, Northwest Extension of Burkburnett on which several dry holes had been drilled and the said acreage was definitely outside of the so-called gusher territory.

5. That the respondent, Bethlehem Oil Company, had one of the largest oil gushers in the Breckenridge oil field, producing 1,200 barrels daily, which was sufficient to pay big dividends, when in fact and in truth the Bethlehem Oil Company possessed only one twenty-fourth interest in the production of its so-called big gusher at Breckenridge and this fact was not disclosed to that part of the public purchasing, or contracting to purchase the stock of the said company by or in its literature or advertising matter.

6. That all funds derived from the sale of stock would be devoted to the development of the properties of the several companies—placed to the drilling fund—and used for drilling oil wells on said companies' leases, whereas in truth the advertisements, circulars, and other printed matter distributed throughout the various States of the United States in connection with the sale of stock of the several respondent companies failed to disclose the fact that O. L. Pardue and other individual respondents, except J. L. Stout, were appropriating to themselves one-third of the proceeds from the sale of stock of the several companies. Another one-third of said proceeds was being used to pay the salaries of the respondents, their office and stock-selling expenses, leaving but one-third of the proceeds from the sale of said stock to be devoted to the development of the property and other interests of the stockholders.

PAR. 6. That during the promotion and operation of the several companies and as a stimulus to the sale of the stock, respondents paid

out extravagant dividends, so-called, to the stockholders, when as a fact at no time did the several companies possess sufficient funds derived from the sale of oil or other sources to warrant the payment of any genuine dividend.

PAR. 7. The Bethlehem Oil Company and the Great Western Oil Company merged into the Old Dominion Oil Company with a capitalization of one million shares of the par value of \$1 each, and a few days thereafter another oil company known as the General Production Company also merged into the Old Dominion Oil Company, making its capitalization two million dollars, and the payment of so-called dividends continued and the stockholders, exclusive of the respondent stockholders, received four 10 per cent dividends during the year 1921, and in order to secure sufficient funds with which to pay said so-called dividends which were largely advertised throughout the country and much stock sold by reason thereof, the receipts from the sale of oil not being sufficient, leases and other property holdings were sold by respondent—in some instances the most valuable assets of the company, as was the case in the sale of the lease of the Old Dominion Oil Company, known as the Hale 80 in the Breckenridge oil district, for which respondent had paid the sum of \$150,000 and on which eight wells of average production in that district were in operation at the time of its disposal by respondents. This property was sold at a loss as were various other leases of the respondents which were sacrificed to meet the so-called dividends promised to stockholders and prospective purchasers to accelerate the sale of stock of the consolidated companies. After the sale of said Hale lease the money received from the sale of oil by the respondents from all sources during its entire operation thereafter was hardly sufficient to meet current expenses of the company; the total amount received by months being as follows:

March, 1921.....	\$2, 793. 62	October, 1921.....	-----
April, 1921.....	2, 364. 24	November, 1921.....	-----
May, 1921.....	3, 982. 10	December, 1921.....	\$681. 66
June, 1921.....	728. 75	January, 1922.....	-----
July, 1921.....	694. 62	February, 1922.....	-----
August, 1921.....	-----	March, 1922.....	-----
September, 1921.....	-----	April, 1922.....	-----

PAR. 8. While receiving no amount from the sale of oil in the year of 1922, yet a dividend was promised stockholders and prospective purchasers of stock to be paid on the 10th day of March following, and same was strenuously advertised throughout the country and everyone was urged to buy stock in the Old Dominion Oil Company, to buy at once, to buy all they could, that the business prospects of said company were never so bright, that the Old

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Dominion Oil Company was then one of the leading oil companies of the State of Texas; that its stock would be for sale only until midnight of the 25th of March, after which it could not be purchased at any price, all of which was untrue and false, as no dividend was paid by the Old Dominion Oil Company on March 10 or at any other time afterwards, its stock was not withdrawn from market at midnight of the 25th of March and the Old Dominion Oil Company had no money or other assets with which to pay a dividend of any amount. The company was \$72,000 in debt and had but a thousand dollars in bank, and was totally insolvent, the logical result of its unsound financial inception and operation.

PAR. 9. A last call was sent out by respondent O. L. Pardue for the Old Dominion Oil Company on April 5 to stockholders requesting a 5 per cent assessment on their stock to save their investment, which call was not responded to by the stockholders, and a few days later the Old Dominion Oil Company was merged by O. L. Pardue and a few others holding a majority of the stock into another company, known as the Revere Oil Company, wherein they were permitted to exchange their Old Dominion stock for an equal amount of stock in the Revere Company provided they purchased 25 per cent additional stock of the Revere Oil Company.

PAR. 10. Out of the total amount of capitalization of the several companies, namely, \$2,000,000, the sum of \$1,290,000 worth of stock was sold, one-third of which, \$430,000, approximately, went to the respondents as promoters; a similar amount to them for salaries, office expenses, and expenses of stock selling, and the balance was used in behalf of the stockholders in the speculative undertaking of drilling for oil on the companies' leases. Approximately \$430,000, derived from production of oil and from sales of leases or interests therein, were paid to stockholders as so-called dividends.

PAR. 11. That no testimony was adduced connecting J. L. Stout with the promotion or sale of stock of any of the respondent companies or aiding and assisting therein.

CONCLUSION.

That the practices of respondents, except J. L. Stout, under the conditions and circumstances described in the foregoing findings are unfair methods of competition in interstate commerce and constitute a 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 pleadings and the testimony and evidence received by an examiner of the Commission and the Commission having made its findings as to the facts and its conclusion that the respondents have 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 now ordered, That the respondents, O. L. Pardue, A. B. Pardue, J. H. West, H. J. Gingles, W. B. Young, and J. D. Towner, as officers, shareholders, or agents of the respondents, Old Dominion Oil Company, Great Western Oil Company, Bethlehem Oil Company, and Metropolitan Oil Company, and as officers, shareholders, or agents of any other corporation, association, or partnership, and respondents, O. L. Pardue, A. B. Pardue, J. H. West, H. J. Gingles, W. B. Young, and J. D. Towner, and the said respondents, Old Dominion Oil Company, Great Western Oil Company, Bethlehem Oil Company, and Metropolitan Oil Company, their officers, agents, and trustees, do cease and desist from directly or indirectly—

1. Publishing, circulating or distributing, or causing to be published, circulated, or distributed, any newspaper, pamphlet, circular, letter, advertisement, or any other printed or written matter whatsoever in connection with the sale or offering for sale in interstate commerce of stock or securities wherein is printed or set forth any false or misleading statements or representations to the effect that the property or operation of any corporation, association or partnership is in proven oil territory or any other false or misleading statements or representations concerning the promotion, organization, character, history, resources, assets, oil production, earnings, income, dividends, progress or prospect of any corporation, association, or partnership.

2. *It is ordered*, That this proceeding against J. L. Stout be dismissed.

3. *It is further ordered*, That the respondents, O. L. Pardue, A. B. Pardue, J. H. West, H. J. Gingles, W. B. Young, and J. D. Towner, within sixty (60) days from the date of the 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 herein set forth.

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FEDERAL TRADE COMMISSION

v.

JOSEPH KAHN, JACOB FRANK, AND JEROME FRANK,
PARTNERS, STYLING THEMSELVES AS KAHN &
FRANK.