

Syllabus.

FEDERAL TRADE COMMISSION

v.

PACIFIC STATES PAPER TRADE ASSOCIATION ET AL.

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

Docket 934—December 31, 1923.

SYLLABUS.

Where a large majority of the jobbers and wholesalers in the Pacific Coast states, dealing in paper and paper products, selling 75 per cent of such products in the aforesaid states exclusive of roll newspaper, and in a number of instances with various branch houses, and with a community of interest through stock ownership in one another; their local associations, which admitted to membership as "legitimate dealers" only concerns employing traveling salesmen, and maintaining warehouse stocks from which deliveries were made, and which regarded distribution from manufacturer or other source of supply, to wholesaler or jobber, to retailer and others, as the "legitimate channels of distribution", and characterized all other distribution as illegitimate, and dealers not meeting the foregoing test as "illegitimate dealers"; and their general association;

(a) Sought by argument and persuasion, and by promises of increased purchases, to induce paper manufacturers to refuse to sell their products direct to the retail trade or to users of paper, or to or through brokers with the effect of suppressing competition in the sale thereof;

(b) Threatened to boycott and boycotted a manufacturer which had begun to sell its products direct to retailers and consumers and had fixed resale prices thereon lower than said jobbers' and dealers' prices therefor; and

Where one of said local associations and the members thereof,

(c) Included in its price lists as "suggested prices" prices for sales in states other than that in which said members were located, and respected a tacit and implied understanding that said prices would be observed, with the effect of restraining and lessening competition in the sale of such products in the aforesaid states; and

Where said local associations and their members,

(d) Included among the prices fixed and determined upon by each local association for local sales within the territory of the particular association, prices on "mill shipment", without distinguishing between factories located within the member's state and those located without such state, from which shipments were to move in response to the member's orders, with the effect of eliminating price competition in such sales; and

Where said jobbers and dealers,

(e) Used the price lists of the particular local association in the territory of which they were soliciting business, in quoting prices; and

(f) Used the price lists of their respective local associations when doing business without the state in which the members thereof had their place of business, but within territory recognized by the members as belonging to the particular association;

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With the result that prices for the products concerned were fixed and uniform within each of said territories, and with the effect of limiting and lessening competition therein; and

Where members of three of said local associations,

- (g) Agreed that a certain product should be sold at a uniform fixed price in a territory covering two states, with the result that it was impossible for purchasers to obtain such product at competitive prices within said territory; and

Where two of said jobbers or dealers in different states,

- (h) Made an agreement by which one undertook in making sales within a third state, to respect the other's prices, with the result that price competition between the two was eliminated in said state; and

Where certain of said local associations composed of members located in two of the Pacific Coast states, meeting through their group organization; officers of the general association, covering the Pacific Coast and neighboring states; and the general sales manager of one of said jobbers or dealers, which was a concern with various branches in Pacific Coast states and cities, and with a preponderating position;

- (i) Attempted through the medium of meetings and discussions of such matters as uniform discounts, sales of items at less than established prices under the term "close-outs," and establishment of a fixed charge for the cutting or trimming of paper, to determine or influence the prices of the products concerned within one of the aforesaid states, with the effect of preventing free and open competition therein in the sale of such products and of establishing common price policies by all of said members:

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

Mr. R. J. Larson for the Commission.

McCutcheon, Olney, Mannon & Greene of San Francisco, Calif., for Pacific States Paper Trade Association, Paper Trade Conference of San Francisco, and B. N. Coffman, secretary of the Pacific States Paper Trade Association.

Mr. J. Y. C. Kellogg of Seattle, Wash., for Seattle-Tacoma Paper Trade Conference, Seattle Division of the Zellerbach Paper Co., American Paper Co., J. W. Fales Paper Co., Paper Warehouse Co., Inc., Seattle Paper Co., Standard Paper Co., Tacoma Paper & Stationery Co., and for himself individually and as Secretary of the Seattle-Tacoma Paper Trade Conference.

Hamblen & Gilbert of Spokane, Wash., for Spokane Paper Dealers, Spokane division of the Zellerbach Paper Co., John W. Graham & Co., B. G. Ewing Paper Co., American Type Founders Co., Spokane Paper & Stationery Co., and for W. S. Gilbert as Secretary of the Spokane Paper Dealers;

Mr. Chriss A. Bell of Portland, Oreg., for Portland Paper Trade Association, Portland division of the Zellerbach Paper Co., Blake-McFall Paper Co., J. W. P. McFall Paper Co., Endicott Paper Co.,

Crescent Paper Co., and for himself individually and as Secretary of the Portland Paper Trade Association.

Lawler & Degnan of Los Angeles, Calif., for Los Angeles Wholesale Paper Jobbers Association, *J. R. Coffman* as Secretary of the Los Angeles Wholesale Paper Jobbers Association, *Blake, Moffitt & Towne*, *Pioneer Paper Co.*, *R. L. Craig Co.*, *Sierra Paper Co.*, and *Standard Woodenware Co.*

Bausman, *Oldham*, *Bullitt & Eggerman* of Seattle, Wash, for *Mutual Paper Co.*

Mr. John Francis Neylan of San Francisco, Calif., for *Washington Pulp & Paper Corporation.*

Mr. Nathan B. Williams of Washington, D. C., for *American Type Founders Co.*

COMPLAINT.

Acting in the public interest pursuant to 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," the Federal Trade Commission charges that the Pacific States Paper Trade Association, its officers and members; Seattle-Tacoma Paper Trade Conference, its officers and members; Spokane Paper Dealers, its officers and members; Portland Paper Trade Association, its officers and members; Paper Trade Conference of San Francisco, its officers and members; Los Angeles Wholesale Paper Jobbers Association, its officers and members, including the various individuals, partnerships, and corporations named in the caption hereof, 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 said Act, and states its charges in that respect as follows:

PARAGRAPH 1. Respondent, Seattle-Tacoma Paper Trade Conference, is a voluntary unincorporated association organized by and composed of individuals, partnerships, and corporations engaged in the business of selling paper and paper products at wholesale to wholesale and retail dealers in the State of Washington and in neighboring States and the Territory of Alaska. The object of said association is to promote the common interests of its members. Respondent, *J. Y. C. Kellogg*, is the secretary of said association, directing and administering its business and affairs. The following named respondents are members of said association:

American Paper Company, a corporation organized under the laws of the State of Washington, with its principal office and place of business in the city of Seattle, in said State;

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J. W. Fales Paper Company, a corporation organized under the laws of the State of Washington, with its principal office and place of business in the city of Seattle, in said State;

Mutual Paper Company, a corporation organized under the laws of the State of Washington, with its principal office and place of business in the city of Seattle, in said State;

Washington Pulp & Paper Corporation, a corporation organized under the laws of the State of Washington, with its principal office and place of business in the city of Seattle, in said State;

Paper Warehouse Company, Inc., a corporation organized under the laws of the State of Washington, with its principal office and place of business in the city of Seattle, in said State;

The Seattle Paper Company, a corporation organized under the laws of the State of Washington, with its principal office and place of business in the city of Seattle, in said State;

Standard Paper Company, a corporation organized under the laws of the State of Washington, with its principal office and place of business in the city of Tacoma, in said State;

Tacoma Paper & Stationery Company, a corporation organized under the laws of the State of Washington, with its principal office and place of business in the city of Tacoma, in said State;

Zellerbach Paper Company, a corporation organized under the laws of the State of California, with its principal office and place of business in the city of San Francisco, in said State, and owning and operating branch places of business in the States of Washington, Oregon, and Utah, one of said branches being located in aforesaid city of Seattle and designated by said company as its Seattle Division.

Respondent, Spokane Paper Dealers, is a voluntary unincorporated association organized by and composed of individuals, partnerships, and corporations engaged in the business of selling paper and paper products at wholesale to wholesale and retail dealers in the State of Washington and in neighboring States. The object of said association is to promote the common interests of its members. Respondent, W. S. Gilbert, is the secretary of said association, directing and administering its business and affairs. The following named respondents are members of said association:

John W. Graham & Company, a corporation organized under the laws of the State of Washington, with its principal office and place of business in the city of Spokane, in said State;

Spokane Paper & Stationery Company, a corporation organized under the laws of the State of Washington, with its principal office and place of business in the city of Spokane, in said State;

B. G. Ewing Paper Company, a corporation organized under the laws of the State of Washington, with its principal office and place of business in the city of Spokane, in said State;

Zellerbach Paper Company, a corporation organized under the laws of the State of California, with its principal office and place of business in the city of San Francisco, in said State, and owning and operating branch places of business in the States of Washington, Oregon, and Utah, one of said branches being located in aforesaid city of Spokane and designated by said company as its Spokane Division;

American Type Founders Company, a corporation with its principal office and place of business in the city of Spokane, in the State of Washington.

Respondent, Portland Paper Trade Association, is a voluntary unincorporated association organized by and composed of individuals, partnerships, and corporations engaged in the business of selling paper and paper products at wholesale to wholesale and retail dealers in the State of Oregon and in neighboring States. The object of said association is to promote the common interests of its members. Respondent, Chriss A. Bell, is the secretary of said association, directing and administering its business and affairs. The following named respondents are members of said association:

Rogers Paper Company, a corporation organized under the laws of the State of Oregon, with its principal office and place of business in the city of Salem, in said State;

Zellerbach Paper Company, a corporation organized under the laws of the State of California, with its principal office and place of business in the city of San Francisco, in said State, and owning and operating branch places of business in the States of Washington, Oregon, and Utah, one of said branches being located in the city of Portland, Oreg., and designated by said company as its Portland Division;

Blake-McFall Paper Company, a corporation organized under the laws of the State of Oregon, with its principal office and place of business in the city of Portland, in said State;

J. W. P. McFall, an individual doing business under the trade name J. W. P. McFall Paper Company, with his principal office and place of business in the city of Portland, State of Oregon;

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Endicott Paper Company, a corporation organized under the laws of the State of Oregon, with its principal office and place of business in the city of Portland, in said State;

R. L. Brackett and Chas. L. Frazier, partners doing business under the name and style Crescent Paper Company, with their principal office and place of business in the city of Portland, State of Oregon;

American Type Founders Company, a corporation with its principal office and place of business in the city of Spokane, in the State of Washington.

Respondent, Paper Trade Conference of San Francisco, is a voluntary unincorporated association organized by and composed of individuals, partnerships, and corporations engaged in the business of selling paper and paper products at wholesale to wholesale and retail dealers in the State of California and in neighboring States. The object of said association is to promote the common interests of its members. Respondent, B. N. Coffman, is the secretary of said association, directing and administering its business and affairs. The following named respondents are members of said association:

Blake, Moffitt & Towne, a corporation organized under the laws of the State of California, with its principal office and place of business in the city of San Francisco, in said State;

Bonestell & Company, a corporation organized under the laws of the State of California, with its principal office and place of business in the city of San Francisco, in said State;

The Pacific Coast Paper Company, a corporation organized under the laws of the State of California, with its principal office and place of business in the city of San Francisco, in said State;

Zellerbach Paper Company, a corporation organized under the laws of the State of California, with its principal office and place of business in the city of San Francisco, in said State, and owning and operating branch places of business in the States of Washington, Oregon and Utah;

Union Paper Company, a corporation organized under the laws of the State of California, with its principal office and place of business in the city of Oakland, in said State;

San Jose Paper Company, a corporation organized under the laws of the State of California, with its principal office and place of business in the city of San Jose, in said State;

Richardson Case Paper Company, a corporation organized under the laws of the State of California, with its principal office and place of business in the city of Sacramento, in said State;

Eastman Gibbons Paper Company, a corporation organized under the laws of the State of California, with its principal office and place of business in the city of Sacramento, in said State;

Delmas Paper Company, a corporation organized under the laws of the State of California, with its principal office and place of business in the city of San Jose, in said State;

Respondent, Los Angeles Wholesale Paper Jobbers Association, is a voluntary unincorporated association organized by and composed of individuals, partnerships and corporations engaged in the business of selling paper and paper products at wholesale to wholesale and retail dealers in the State of California and in neighboring States. The object of said association is to promote the common interests of its members. Respondent, J. R. Coffman, is the secretary of said association, directing and administering its business and affairs. The following named respondents are members of said association:

Blake, Moffitt & Towne, a corporation organized under the laws of the State of California, with its principal office and place of business in the city of San Francisco, in said State, with a branch place of business in each of the cities of Los Angeles and San Diego in said State;

Zellerbach Paper Company, a corporation organized under the laws of the State of California, with its principal office and place of business in the city of San Francisco, in said State, and owning and operating branch places of business in the States of Washington, Oregon, and Utah, and a branch located in aforesaid city of Los Angeles and designated by said company as its Los Angeles Division;

Pioneer Paper Company, a corporation organized under the laws of the State of California, with its principal office and place of business in the city of Los Angeles, in said State;

Standard Woodenware Company, a corporation organized under the laws of the State of California, with its principal office and place of business in the city of Los Angeles, in said State;

R. L. Craig Company, a corporation organized under the laws of the State of California, with its principal office and place of business in the city of Los Angeles, in said State;

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Sierra Paper Company, a corporation organized under the laws of the State of California, with its principal office and place of business in the city of Los Angeles, in said State.

The foregoing respondent associations are hereinafter called the local associations. The membership of each local association habitually serves a loosely defined territory in which the bulk of such members' business is done and which is regarded by the members of the local associations in each instance as peculiarly within the sphere of their merchandising activities. Each local association recognizes the territories thus served as being peculiarly within the merchandising sphere of the membership of the local association in each instance, to the extent that each such association observes the merchandising rules and regulations established by the several local associations when soliciting business or making sales in the territory thus regarded as within the merchandising sphere of another association. The purpose of each local association is primarily to serve and promote the interests of its members with regard to their business within the territory which they particularly serve. Another purpose of each association is to promote the interests of its members outside such territory by co-operating with the other local associations in appropriate instances.

The respondent, Pacific States Paper Trade Association, is a voluntary unincorporated association organized by and composed of the individual members of the local associations. The object of the association is to promote the common interests of its members especially with respect to matters of common interest throughout the Pacific States. With the co-operation of the local association, it formulates such policies and takes or directs such actions as are calculated to carry into effect common policies for the entire Pacific Coast in those instances where the ends to be attained are not within the powers or purview of a local association. Respondent, B. N. Coffman, is the secretary of said association directing and administering its business and affairs.

The members of the several local associations in each instance comprise practically all the wholesale dealers in paper and paper products in the territory which its members particularly serve, and since the members of the local associations constitute the members of the Pacific States Paper Trade Association, the membership of the last named body embraces practically all the wholesale dealers in paper and paper products having their principal places of business in the States of Oregon, Washington, and California. The members of all the above named associations are hereinafter collectively

called the members. A large part of the paper requirements of the States of Idaho, Nevada, Montana, Arizona, New Mexico, and of the Territory of Alaska is also supplied by the members, who travel salesmen in said last named States, and, in some instances, maintain branch places of business therein. The acts and things done by respondents have substantially affected interstate commerce in the States of Idaho, Nevada, Montana, Arizona, New Mexico, and in the Territory of Alaska in like manner, although in less degree than, it has affected such commerce in the States of Oregon, Washington, and California, as hereinafter more particularly set out.

While the bulk of the business done by the members of the several local associations is done within the territory habitually served by the association in each instance, as above set out, the members of each local association, to some extent, solicit business and make sales outside such territory. The word territory as hereinafter used means territory served as above set out and defined.

The territory of the respondent, Seattle-Tacoma Paper Trade Conference, comprises roughly the northwest portion of the State of Washington and the Territory of Alaska.

The territory of the respondent, Spokane Paper Dealers, comprises roughly the eastern portion of the State of Washington, the northern portion of the State of Idaho, and the western portion of the State of Montana.

The territory of the respondent, Portland Paper Trades Association, comprises roughly the State of Oregon, the southern portion of the State of Washington and parts of Western Idaho.

The territory of the respondent, Paper Trade Conference of San Francisco, comprises roughly the southern portions of the State of Oregon, the northern half of the State of California and some portions of the States of Nevada, Utah, and Arizona.

The territory of the respondent, Los Angeles Wholesale Paper Jobbers Association, comprises roughly the southern half of the State of California and portions of the States of Nevada, Arizona and New Mexico.

The aggregate territory served by the members thus comprises the States of Oregon, Washington, Montana, Idaho, California, Nevada, Utah, Arizona, New Mexico, and the Territory of Alaska. Said aggregate territory is hereinafter referred to as the Pacific States. The members, upon making sales to purchasers located in States of the United States other than the State wherein is located, in each instance, the member's place of business, cause the commodities so sold to be transported from their respective places of business to said purchasers at points in such other States of the United States.

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PAR. 2. By the common consent and agreement of the members, only dealers in paper or paper products who are dealers at wholesale only, who maintain a warehouse stock of the commodities in which they deal, from which they make delivery of the commodities sold by them, and who employ traveling salesmen through whom such sales are made, are entitled and admitted to membership in any foregoing association. A wholesale dealer thus qualified and defined is recognized by the members generally as having the right further to take orders for wholesale quantities of aforesaid merchandise to be filled by shipment to the purchaser directly from the manufacturer or other source of supply. Wholesalers, as above defined, are regarded by the members and are by them designated "legitimate wholesalers", and the distribution of paper and paper products from the manufacturers or other source of supply thereof, through such wholesalers to retail dealers and other large-quantity consumers, is regarded as being and is designated by the members the "legitimate" channel or channels of distribution. All other methods of wholesale distribution are regarded by the members as improper and illegitimate, and all dealers, brokers, agents, manufacturers dealing directly with the retail trade or the consumer, and other persons selling said products in wholesale quantities, who do not maintain warehouse stocks, travel salesmen or otherwise come within the definition of the so-called legitimate wholesalers, as above set out, are regarded and designated by the members as "illegitimate" dealers.

PAR. 3. For about three years last past, the Pacific States Paper Trade Association, the local associations and the members, with the common purpose of restricting the wholesale distribution of paper and paper products throughout the Pacific States to the so-called "legitimate" channels and of preventing such distribution by any other method or means or through any other agency than themselves, and with the further common purpose of suppressing competition in, and controlling and enhancing wholesale prices of, said products in the Pacific States to their own collective benefit, cooperating together have done and now do the following acts and things:

(a) The members refuse to sell to, or in any way supply so-called illegitimate dealers with paper and paper products;

(b) The members report to their respective local associations and to the Pacific States Paper Trade Association the names of all so-called illegitimate dealers in the Pacific States who come to their notice, and attempt to, and do, coerce manufacturers and other sources of supply into refusing to further supply said dealers with paper and paper products; and in instances where

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such offending dealer is a manufacturer desiring to sell directly to the retail trade or consumer, attempt to, and do coerce such manufacturer into abandoning such intended business;

Said coercion is accomplished by the members acting individually, and collectively through respondent associations, to bring to bear threats of boycott and other species of intimidation against said manufacturers and other sources of supply;

(c) To the end that the members be continuously advised of the progress of the coercive measures set out in the preceding specification, and to the end that uniform action may be had, action taken by the members individually and by the local associations is notified to the Pacific States Paper Trade Association, and vice versa, and the Pacific States Paper Trade Association informs the local associations and the members of such action as has been taken and takes such action itself and recommends and directs such further action by the members and the local associations as it deems best calculated to carry said coercive measures to a successful conclusion;

(d) The members of each local association agree upon and establish schedules of uniform minimum prices at which the commodities dealt in by them are to be sold by them in the territory of such association. The prices thus established are enhanced beyond the prices which would prevail under natural and normal competition in said industry in the absence of said price agreement;

(e) The adherence of members of the local associations to the schedules described in the preceding specification is assured and the maintenance of the prices therein fixed is secured by a system of fines provided for by the local association to be, and which are, exacted from any member making a sale or sales of said commodities at prices less than those set out in said schedules. The prices thus fixed, established and enforced are hereafter called schedule prices;

(f) That there may be a substantial uniformity in schedule prices throughout the Pacific States, providing for aforesaid enhancement of prices, the associations exchange said price lists with each other and supply the same to the Pacific States Paper Trade Association, to the end that by comparison and adjustment substantial differences in prices for like goods may be, and they are, eradicated by causing such prices as are below the general level of said enhancement and the average of said aggregate schedule prices, to be adequately raised;

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(g) By common consent and agreement the members of each local association, when soliciting business or making sales in the territory of another local association, observe and abide by the schedule prices in effect in the territory where the sale is made and neither offer nor sell paper or paper products in such territory at prices less than said schedule prices;

(h) To the end that aforesaid uniform enhancement may be maintained and price competition eliminated throughout the Pacific States, the members notify their local associations and the Pacific States Paper Trade Association of infractions of the agreement set out in the foregoing specification, and these various associations bring pressure to bear upon the offending member to cease such practice. They, and each of them, are empowered to, and do levy fines against such offending members and are empowered to declare, and do declare, such territory to be "open"; that is to say, that the members of the various associations may, and they do, until rescission of said last named action, disregard the schedule of prices in effect in said territory and sell their commodities therein at such prices as they see fit to demand.

The result and effect of the foregoing practices has been and now is substantially to lessen and restrict competition in the sale of paper and paper products in the Pacific States; to prevent brokers, agents, and manufacturers selling direct to the retail trade or consumer and other persons not members of the local associations from selling paper and paper products at wholesale in the Pacific States; to enhance the wholesale prices of said commodities above the prices which would prevail therefor under normal, natural and open competition, and to hinder the natural flow of commerce in said commodities in the channels of interstate trade.

PAR. 4. The above alleged acts and things done by respondents and by each of them, have a dangerous tendency unduly to hinder competition and to create a monopoly of the wholesale paper trade in the Pacific States in the hands of respondents and constitute unfair methods 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 respondents, Pacific States Paper Trade Asso-

ciation and others, charging them with the use of unfair methods of competition in commerce in violation of the provisions of said act.

Respondents having entered their appearance and filed their answers herein admitting that certain of the matters and things alleged in said complaint were in the matter and form therein set forth, and having filed herein a stipulation as to the facts, in which it is stipulated and agreed by the respondents that the Federal Trade Commission may take such stipulation as to the facts as the facts in this proceeding, and in lieu of testimony, and proceed forthwith to make its report stating its findings as to the facts, and an order disposing of the proceeding without the introduction of testimony and the matter having been further presented upon oral argument, the Federal Trade Commission, being fully advised in the premises, makes this its report stating its findings as to the facts and conclusion:

FINDINGS AS TO THE FACTS.

PARAGRAPH 1. The respondent, Seattle-Tacoma Paper Trade Conference, is a voluntary, unincorporated association organized by and composed of individuals and corporations engaged as jobbers and wholesalers of paper or paper products, and having their places of business in the cities of Seattle and Tacoma, and engaged in selling paper or paper products in the State of Washington, and as to some of them in the Territory of Alaska. Respondent J. Y. C. Kellogg is secretary of said association and under the direction of its members administers its affairs.

The following named respondents are, or during the year last past were, members of this association:

- American Paper Company, a Washington corporation;
- J. W. Fales Paper Company, a Washington corporation;
- Paper Warehouse Company, a Washington corporation;
- Standard Paper Company, a Washington corporation;
- Seattle Paper Company, a Washington corporation;
- Tacoma Paper & Stationery Company, a Washington corporation;
- Zellerbach Paper Company (Seattle Division), a California corporation;
- Mutual Paper Company, a Washington corporation. (This company withdrew from membership on or about April 12, 1922.)

PAR. 2. The respondent, Spokane Paper Dealers, is a voluntary unincorporated association organized by and composed of indi-

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viduals and corporations engaged as jobbers and wholesalers of paper or paper products and having their places of business in the city of Spokane and engaged in selling paper or paper products in the State of Washington and in neighboring States. Respondent W. S. Gilbert is secretary of said association and under the direction of its members administers its affairs. The following named respondents are, or during the year last past were, members of this association:

John W. Graham & Company, a Washington corporation;
Spokane Paper & Stationery Company, a Washington corporation;

B. G. Ewing Paper Company, a Washington corporation;
Zellerbach Paper Company (Spokane Division), a California corporation;

The American Type Founders Company (Spokane Branch),
a New Jersey Corporation. (This company sold its paper department and withdrew from membership in May, 1922.)

PAR. 3. The respondent, Portland Paper Trade Association, is a voluntary, unincorporated association, organized by and composed of individuals, partnerships and corporations engaged as jobbers and wholesalers of paper and paper products, and having their places of business in the city of Portland and neighboring cities, and engaged in selling paper or paper products in the State of Oregon and in neighboring States. Respondent Chriss A. Bell is secretary of said Association and under the direction of its members administers its affairs. The following named respondents are, or during the year last past were, members of this association:

Rodgers Paper Company, an Oregon corporation;

Blake-McFall Company, an Oregon corporation;

J. W. P. McFall, an individual;

Endicott Paper Company, an Oregon corporation;

R. L. Brackett and Charles L. Frazier, partners doing business under the name and style of Crescent Paper Company;

Zellerbach Paper Company (Portland Division), a California corporation;

American Type Founders Company (Portland Branch),
a New Jersey corporation. (This company sold its paper department and withdrew from membership in May, 1922.)

PAR. 4. The respondent, Paper Trade Conference of San Francisco, is a voluntary, unincorporated association organized by and composed of individuals and corporations engaged as jobbers and wholesalers of paper or paper products, and having their places of business in the city of San Francisco and in neighboring cities, and

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engaged in selling paper or paper products in the State of California and in neighboring States. Respondent B. N. Coffman is secretary of said association and under the direction of its members administers its affairs. The following named respondents are, or during the year last past were, members of this association:

- Blake, Moffitt & Towne, a California corporation;
- Bonestell & Company, a California corporation;
- Pacific Coast Paper Company, a California corporation;
- Zellerbach Paper Company, a California corporation;
- Union Paper Company, a California corporation;
- San Jose Paper Company, a California corporation;
- Richardson Case Paper Company, a California corporation;
- Eastman-Gibbens Paper Company, a California corporation;
- Delmas Paper Company, a California corporation.

PAR. 5. The respondent, Los Angeles Wholesale Paper Jobbers' Association, is a voluntary, unincorporated association organized by and composed of individuals, partnerships, and corporations engaged as jobbers and wholesalers of paper and paper products, and having their places of business in Los Angeles or San Diego, and engaged in selling paper or paper products in the State of California and in neighboring States. Respondent J. R. Coffman is secretary of said association and under the direction of its members administers its affairs. The following named respondents are, or during the year last past were, members of this association:

- Blake, Moffitt & Towne (Los Angeles Division), a California corporation;
- Zellerbach Paper Company (Los Angeles Division), a California corporation;
- Pioneer Paper Company, a California corporation;
- Standard Woodenware Company, a California corporation;
- R. L. Craig Company, a California corporation;
- Sierra Paper Company, a California corporation.

PAR. 6. The respondent, Pacific States Paper Trade Association, is a voluntary unincorporated association organized by and composed of individuals, partnerships and corporations engaged as jobbers and wholesalers of paper or paper products and having their respective places of business in the various jobbing centers in the States of California, Oregon, Washington, and neighboring States. Respondent B. N. Coffman is secretary of said association and under the direction of its membership administers its affairs. The following named respondents are, or during the year last past were, members of this association:

- American Paper Company, Seattle;
- Seattle Paper Company, Seattle;

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Tacoma Paper & Stationery Company, Tacoma;
Zellerbach Paper Company (Seattle Division), Seattle;
Mutual Paper Company, Seattle;
Paper Warehouse Company, Seattle (This company resigned from this association January 15, 1923);
John W. Graham & Company, Spokane;
Spokane Paper & Stationery Company, Spokane;
B. G. Ewing Paper Company, Spokane;
American Type Founders Company (Spokane Branch), Spokane (This company sold its paper department and withdrew from membership in May, 1922);
Zellerbach Paper Company (Spokane Division), Spokane;
Rodgers Paper Company, Salem, Oregon;
Zellerbach Paper Company (Portland Division), Portland;
Blake-McFall Company, Portland;
J. W. P. McFall, Portland;
Endicott Paper Company, Portland;
American Type Founders Company (Portland Branch), Portland. (This company sold its paper department and withdrew from membership in May, 1922);
Blake, Moffitt & Towne, San Francisco;
Bonestell & Company, San Francisco;
Pacific Coast Paper Company, San Francisco;
Zellerbach Paper Company, San Francisco;
Union Paper Company, Oakland;
San Jose Paper Company, San Jose;
Richardson Case Paper Company, Sacramento;
Eastman-Gibbens Paper Company, Stockton;
Delmas Paper Company, San Jose;
Blake, Moffitt & Towne (Los Angeles Branch), Los Angeles;
Zellerbach Paper Company (Los Angeles Division), Los Angeles;
Pioneer Paper Company, Los Angeles;
Standard Woodenware Company, Los Angeles;
Sierra Paper Company, Los Angeles.

PAR. 7. The above-described respondent associations, with the exception of the Pacific States Paper Trade Association, are frequently called and hereinafter designated as "local associations." Joint meetings of the members of two or more of said local associations are held from time to time. Minutes of such meetings are kept under a designated name for each group. These groups are as follows:

(a) California Paper Trade Association. This is a group composed of members of the San Francisco and Los Angeles local associations and meets from time to time for the discussion of matters of mutual interest and for the adoption of measures pertaining to both associations. It has no organization and no officers. Its minutes have been distributed among its members.

(b) Northwest Paper Dealers. This represents a group of members of the Portland, Seattle-Tacoma, and Spokane local associations and meets once or twice annually. It has no formal organization, the presiding officer for each meeting being designated at the time of meeting. Its minutes are distributed to the membership of the three associations.

(c) San Diego Wholesale Paper Dealers. This is an informal organization of the wholesale paper dealers at San Diego, California. Its members are Zellerbach Paper Company (San Diego Division), Blake, Moffitt & Towne (San Diego Division), and Pioneer Paper Company (San Diego Branch). Buel-Towne Company of San Diego formerly was a member of the Los Angeles local association but ceased to be a member on or about July 1, 1921. The San Diego association was formerly affiliated with the Los Angeles Wholesale Paper Jobbers Association and had as its secretary, J. R. Coffman, secretary of the Los Angeles local association, but this affiliation was discontinued on or about July 1, 1921.

PAR. 8. The Pacific States Paper Trade Association is a member of the National Paper Trade Association, whose principal office is in New York City.

PAR. 9. Many of the individuals, partnerships, and corporations, members of respondent associations, are engaged in the sale of paper and paper products in interstate commerce. The activities of the respondent associations and of individual members thereof have affected interstate commerce to the extent and in the manner hereinafter set forth in the states of Idaho, Nevada, Montana, Arizona, New Mexico, Oregon, Washington, California, and other States of the United States, and the Territory of Alaska.

PAR. 10. It is admitted by the answers of respondent associations that only wholesalers and jobbers of paper or paper products who maintain warehouse stocks of the commodities in which they deal, from which they make deliveries of the commodities sold by them, and who employ traveling salesmen, are entitled to and admitted to membership in respondent associations. Wholesalers and jobbers thus qualified are recognized as having the right to take orders for wholesale quantities of paper or paper products to be filled by

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shipment direct from the manufacturer or other sources of supply. Likewise, with the exception of the Los Angeles Wholesale Paper Jobbers, the answers of respondents admit that wholesalers and jobbers as above defined are regarded by respondents and by them designated as "legitimate dealers," and the distribution of paper and paper products from the manufacturer or other sources of supply through such wholesalers and jobbers to retail dealers and others is regarded by respondents and by them designated as "legitimate channels of distribution"; that distribution of paper and paper products through other means is considered illegitimate, and dealers, other than those above defined, are regarded by respondents, and by them designated, as "illegitimate dealers."

PAR. 11. A large majority of the jobbers and wholesalers within the States of California, Oregon, and Washington who deal primarily or exclusively in paper and paper products are members of one of respondent local associations and of respondent Pacific States Paper Trade Association. A substantial proportion of the paper or paper products used or consumed in the Pacific Coast States does not pass through the hands of jobbers or wholesalers in paper or paper products. Respondent members of respondent associations sell approximately 75 per cent of the paper and paper products used and consumed in the Pacific Coast States, exclusive of roll newspaper, the tonnage of which is large and which is for the most part sold direct by the mills to the user.

PAR. 12. The members of each local association habitually serve a loosely defined territory in which the bulk of their business is done, and which is regarded by them as peculiarly within the sphere of their merchandising activities; such territory is that which is naturally tributary to the jobbing center where the members of such local association are located and within which jobbing or wholesale dealers located in such centers have an advantage over similar dealers located elsewhere in competition with them by reason of such factors as lower freight rates, nearness in distance, and accustomed trade channels. These territories are as follows:

Seattle-Tacoma Paper Trade Conference, the northwest portion of the State of Washington and the Territory of Alaska;

Spokane Paper Dealers, eastern portion of the State of Washington, the Northern portion of the State of Idaho, and the western portion of the State of Montana;

Portland Paper Trade Association, the State of Oregon, the southern portion of the State of Washington, and parts of western and southern Idaho;

Paper Trade Conference of San Francisco, parts of the southern portion of the State of Oregon, the northern part of the State of California, and portions of the State of Nevada;

Los Angeles-Wholesale Paper Jobbers' Association, the southern half of the State of California, and portions of the States of Nevada and Arizona.

PAR. 13. The Seattle-Tacoma Paper Trade Conference and the Spokane Paper Dealers have an agreement as to the division of territory within the State of Washington between such associations and their respective members.

PAR. 14. The Paper Trade Conference of San Francisco and the Los Angeles Wholesale Paper Jobbers' Association have an agreement as to the division of territory within the State of California between such associations and their respective members.

PAR. 15. The Zellerbach Paper Company, with its principal office in San Francisco, maintains branches at Los Angeles, San Diego, Fresno, Oakland, San Francisco, and Sacramento in the State of California; Portland in the State of Oregon; Seattle and Spokane in the State of Washington; and Salt Lake City in the State of Utah. This company has an agency contract for the sale of its paper products with Snyder & Crecelius of Walla Walla, Washington.

PAR. 16. Blake, Moffitt & Towne, with its principal office in the city of San Francisco, operates branch houses at Los Angeles and San Diego, California. It owns $57\frac{1}{8}$ per cent of the capital stock of Blake-McFall Company of Portland, Oregon. The Blake-McFall Company owns $77\frac{1}{8}$ per cent of the capital stock of the American Paper Company of Seattle, Washington. The American Paper Company owns $66\frac{4}{10}$ per cent of the capital stock of the Tacoma Paper & Stationery Company of Tacoma, Washington.

PAR. 17. The Butler Paper Corporation with its principal office in the city of Chicago, Illinois, owns approximately 75 per cent of the issued stock of the Pacific Coast Paper Company of San Francisco, California. The Pacific Coast Paper Company owns a branch at Fresno, California, and owns $13\frac{1}{3}$ per cent of the stock of the Endicott Paper Company, Portland, Oregon, $13\frac{4}{88}$ per cent of the stock of the Mutual Paper Company, Seattle, Washington, and 10 per cent of the stock of the Sierra Paper Company, Los Angeles, California.

PAR. 18. These companies enumerated in paragraphs 15, 16 and 17, together occupy a preponderant position in the business of wholesaling paper and paper products in the Pacific Coast States.

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PAR. 19. There is a fixed division of territory within the State of Washington between the Zellerbach Paper Company at Portland and its branch house at Seattle; between the Blake-McFall Company at Portland and the American Paper Company at Seattle, and the Tacoma Stationery & Paper Company at Tacoma; and between the Endicott Paper Company at Portland and the Mutual Paper Company at Seattle; and a fixed division of territory in the State of Washington between the branch house of the Zellerbach Paper Company at Seattle and its branch house at Spokane; and a fixed division of territory within the southern portion of the State of Washington between the branch house of the Zellerbach Paper Company at Portland and its branch house at Spokane, and Snyder & Crecelius of Walla Walla, Washington, a company having an agency contract with the said Zellerbach Paper Company; and a fixed division of territory in the southern portion of the State of Oregon between the Zellerbach Paper Company at San Francisco and Sacramento and its branch house in Portland; between Blake, Mossitt & Towne of San Francisco and Blake-McFall Company of Portland; and between the Pacific Coast Paper Company of San Francisco and the Endicott Paper Company of Portland. These divisions in general conform to divisions in territory naturally served from different jobbing centers by reason of such factors as freight rates, distance, and accustomed trade channels. As a part of this division of territory it is understood that if one party to such a division makes sales in the territory of the other party to the division, the former shall follow the selling price of the latter.

PAR. 20. Each of the respondent local associations are, and for more than a year last past have been engaged in the following specified activities:

(a) The Seattle-Tacoma Wholesale Paper Trade Conference publishes and distributes to its membership uniform price lists to be observed by the members in the sale of wholesale paper and paper products in the portion of the State of Washington within Seattle territory as hereinbefore described. These price lists are compiled by price list committees of the association or are agreed upon at meetings of the association. Price changes made from time to time therein are printed and distributed by the secretary. The members of the association file with the secretary complaints against other members for sales made within the State of Washington, either below the prices given in the price lists or otherwise in infraction of agreed sales regulations. The secretary has authority to examine the books of any member complained against and otherwise investi-

gate the complaint and had authority to levy a fine against the member for such sales made below the established prices, or in infraction otherwise of the agreed sales regulations. Fines for such infractions have been levied against some of the members by the secretary and the fines paid.

(b) The Spokane Paper Dealers fix prices to be observed by their members on sales by them within the State of Washington. These prices are published in the form of price lists and these lists, together with changes that occur from time to time, are published by the association and distributed through the secretary's office to the membership. The members file with the secretary complaints against other members for sales made within the State of Washington, either below the prices given in the price lists or otherwise in infraction of agreed sales regulations. The secretary has authority to examine the books of any member complained against and otherwise investigate the complaint and to levy a fine against the member for such sales made either below the established prices or in infraction otherwise of the agreed sales regulations. Fines for such infractions have been levied against some of the members by the secretary and the fines paid.

(c) The Spokane Paper Dealers in its price lists printed as "suggested prices" prices for sales to purchasers within the State of Idaho and the western portion of Montana, and there was a tacit or implied understanding between the members of such association that the prices so suggested for said last named states would be observed in making sales within said states, and such prices were in general so observed. There was no rule or regulation of the association which would make the nonobservance of such prices an infraction of the rules of the association or subject the member who did not observe such prices to any penalty.

The use of "suggested prices" as herein described and the understanding in reference to such prices, restrains and lessens competition in interstate sales of paper and paper products in said States of Idaho and Montana.

(d) The Portland Paper Trade Association publishes a price list to be observed by its members in the sale of their products within the State of Oregon. This list is agreed upon at meetings of the association. The supervision of printing and distribution of price lists is assumed by one of the prominent members of the association, but notices of price changes are mailed by the secretary to the members. Sales within the State of Oregon at prices less than those fixed by the association or in violation of other selling regulations of the association are deemed infractions of the rules of the association. Infractions of the rules are brought to the attention of the secretary,

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who has authority to make necessary investigations and where it is determined that a member has violated a rule the matter is brought to the attention of the association at one of its meetings, and the member required to make an explanation.

(e) The Paper Trade Conference of San Francisco has adopted and published a price list to be observed by its members in making sales of their products within the State of California. The prices are fixed through the medium of price list committees, or agreed upon at meetings of the association. The lists, as well as changes made from time to time, are published and distributed to the members by the secretary of the association. Complaints are made to the association secretary against individual members for sales within the State of California, either at prices below those so fixed by the association or otherwise in violation of selling regulations of the association. The secretary has authority to inspect the books of the member complained of and to make other investigations to determine whether the complaint is well founded and whether an infraction of the rules has occurred.

(f) Los Angeles Wholesale Paper Jobbers Association has adopted and published uniform price lists to be observed by its members in making sales within the State of California. These prices are fixed through the medium of a price list committee or determined at meetings of the association. The price lists, as well as changes made therein from time to time, are compiled and distributed by the secretary of the association to the members. Complaints are filed with the secretary when any member makes a sale within the State of California at less than the agreed or fixed prices, or otherwise violates the selling regulations as to such a sale. In such case the secretary is authorized to inspect the books of the member complained against and make any additional investigation necessary. Where an infraction of the regulations is discovered the secretary has authority to levy a fine against such member for such violation. Such fines have been levied by the association secretary at various times, and the fines paid.

(g) Each of the local associations has a rule that sales of specific items, such as broken lots of stock, slow-moving stock, or stock for which there is little demand, may be made by a member at less than the list price. These are called "close-outs." Permission to make such sales must always be obtained from the local association of the member making such sale and other members are notified of the price at which these items are to be sold by such member. Other members are authorized to purchase the close-out stock at a discount from the fixed close-out price.

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(h) Most, if not all, of the local associations have a rule which provides that no member shall at any time insert advertisements in any newspaper or other publication except where the advertisement is inserted by the association on behalf of all of its members.

(i) Among the prices so fixed as above by each local association for sales within the State wherein is located the jobbing center from which such association takes its name are prices on what are known as "mill shipments." By "mill shipments" are meant sales upon orders not requiring immediate delivery, and which are capable of being filled by shipment from the place of manufacture. Mill shipments are of two sorts, those in railroad carload lots, and those in less than such carload lots. Such shipments in less than carload lots are combined in actual shipment from the mill with other paper or paper products so as to make up a carload, which carload is shipped by the mill to the jobber or wholesaler as a single consignment. Upon arrival of such a shipment at the point of destination, delivery from the car is taken by the jobber or wholesaler, who in turn delivers to the purchaser the portion of the consignment intended for him. Mill shipments in carload lots are made upon bills of lading or shipping papers specifying as the point of destination the place where delivery is to be made to the purchaser from the jobber or wholesaler. In some instances, the jobber or wholesaler is named in the bill of lading or shipping papers as the consignee to whose order delivery is to be made by the carrier. In other cases, the purchaser is named in the bill of lading or shipping papers as such consignee. In those cases where the jobber or wholesaler is so named as the consignee, such jobber or wholesaler, upon arrival of the shipment at the point of destination, either itself takes delivery from the carrier and in turn delivers to the purchaser or endorses and delivers the bill of lading or shipping papers to the purchaser, who then takes delivery direct from the carrier. In those cases where the purchaser is named in the bill of lading or shipping papers as the consignee, such purchaser takes delivery direct from the carrier upon arrival of the consignment at the place of destination. In all cases of mill shipments, the jobber or wholesaler orders the subject of sale from the mill and pays for the same and there is no relation between the mill and such purchaser. Mill shipments as above described, and prices on which are fixed by the local associations for sales by their members to purchasers within the State where their members are located, include both shipments from mills located within such State and shipments from mills located without such State.

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It follows from the foregoing facts that mill shipments in all of the ways specified above, where the goods are shipped from a mill in one State to or for a purchaser in another State, are shipments of goods injected into the channels of interstate commerce and continued in interstate commerce until delivery to the purchaser, and the inclusion of fixed and uniform prices for such sales in the published price lists of the various local associations eliminates price competition in the purchase and sale of such products in interstate commerce.

PAR. 21. Agreements confined to the state of Washington are entered into between the Seattle-Tacoma Paper Trade Conference and the Spokane Paper Dealers in regard to prices, the division of territory, distribution of price lists and catalogs in each other's territory, the observance of each other's price lists, the definition of who are and what constitutes country jobbers, uniform vacation dates for salesmen, and equalization of freight charges to specific points.

PAR. 22. Agreements confined to the State of California are made between the Paper Trade Conference of San Francisco and the Los Angeles Wholesale Paper Jobbers' Association as follows: Division of territory, prices to be quoted in each other's territory, uniform prices for both territories, and uniform vacation dates for salesmen.

PAR. 23. The Paper Trade Conference of San Francisco cooperates with envelope manufacturers, stationers, and box manufacturers, and in some instances exchanges price lists with them and in some instances agrees on prices with them in regard to sales within the State of California. Meetings are held from time to time with merchants of one or more classes for the above objects.

PAR. 24. The Association of Wholesale Paper Dealers at San Diego uses the price lists and selling regulations of the Los Angeles Wholesale Paper Jobbers' Association.

PAR. 25. The Los Angeles Wholesale Paper Jobbers' Association together with the Paper Trade Conference of San Francisco conferred with, and for a time agreed with, certain wholesale grocers in California as to the maintenance in a certain county of the State of California of the prices fixed by the Los Angeles association.

PAR. 26. The price lists of each local association are used by such of its members as do business without the state wherein the jobbers or wholesalers comprising the association are located in quoting prices and making sales without such state and such price lists are habitually carried and used by the salesmen of such members when traveling without such state for the purpose of securing business. No association has any rule or requirement that such price lists be observed or followed in quoting prices or making sales without

such state, and, except as herein specifically set forth, the quoting of lower or different prices or the making of sales thereat is not deemed an infraction of rules or trade regulations by reason of which any other jobber or wholesaler may complain. The foregoing does not apply to Alaska. No salesmen for members of the Seattle-Tacoma Association travel in Alaska and the price lists of such association are not habitually carried into such territory.

Within the portions of the territories of the respective local associations which are without the State wherein the jobbers or wholesalers comprising the association are located, with the exception of Alaska, the habitual carrying of a particular association price list by the salesmen of such jobbers, members of such association as do business within such territory, and the use of such price list by such member jobbers in quoting prices and making sales within such territories, have a natural tendency to and do limit and lessen competition therein, and the result of such practice is fixed and uniform prices for such products within each of such territories.

PAR. 27. In certain instances agreements or understandings are had as to prices at which paper or paper products are sold for delivery from one state to a purchaser in another state, to wit:

(a) Agreements that a certain kind of paper for a particular use shall be sold at a uniform fixed price in a territory extending over two states were made between such of the members as dealt in such paper of three local associations within whose territory as herein defined such states fall.

This agreement or understanding made it impossible for purchasers to obtain this particular paper at competitive prices within the territory covered by the agreement.

(b) One of the respondent jobbers located in one state has agreed with another respondent jobber located in another state that the latter in making sales within a certain state, wherein neither of said jobbers was located, would observe the prices at which the first was selling.

As between these two jobbers within the State covered by the agreement price competition was eliminated.

PAR. 28. Meetings of the so-called Northwest Paper Dealers hereinbefore mentioned were attended and participated in from time to time by the president and secretary of the Pacific States Paper Trade Association. The following subjects were discussed at meetings of this association: Uniform Discounts, The Establishment of Resale Prices by Manufacturers, The Guaranteeing of Prices against Decline for Specified Periods, The Question of making Sales for Certain Items at less than Established Prices under the Term of

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"Close-Outs," and the advertising by Members in Newspapers or other Periodicals. At these meetings prices to be observed by members of the Seattle-Tacoma Association and the Spokane Association within the State of Washington were discussed. At a meeting of the said so-called Northwest Paper Dealers a resolution fixing a uniform price to be charged by the members of the three local associations making up such meeting for "cutting" was adopted. "Cutting" is the cutting or trimming of paper to particular dimensions and is done when an order is received for paper of other than standard dimensions. The price fixed as aforesaid for cutting was \$3 per hour. The chairman of the committee upon whose report such resolution was adopted was the general sales manager of the Zellerbach Paper Company with his headquarters in San Francisco.

From the foregoing facts the discussion of prices for the State of Washington through the medium of these meetings, in which the members of the Portland Paper Trade Association, officers of the Pacific States Paper Trade Association and the general sales manager of the Zellerbach Paper Company of San Francisco participated with members of the Washington State local associations, the Seattle-Tacoma Paper Trade Conference and the Spokane Paper Dealers, in the light of the agreements and understandings, as hereinbefore described, was an attempt on the part of jobbers and representatives of jobbers without the state of Washington to determine or influence the prices of paper and paper products within the state of Washington and affected interstate commerce by an effort to determine or influence prices for interstate sales of such products. The discussion of such items as "Uniform Discounts," and "The Question of Making Sales for Certain Items at Less Than Established Prices under the Term of 'Close Outs,'" and the establishment of a fixed charge for the cutting or trimming of paper to be observed by the members of the three local associations named, when participated in by members of the Seattle-Tacoma Paper Trade Conference, the Spokane Paper Dealers, the Portland Paper Trade Association, officers of the Pacific Paper Trade Association and the general sales manager of the Zellerbach Paper Company, of San Francisco, in the light of the activities of the local associations named and the preponderating position occupied by this last-named company, had a natural tendency to prevent and did prevent free and open competition in the sale of paper and paper products in interstate commerce and establish common price policies by all of said members.

PAR. 29. The respondent members of the respondent associations have strongly opposed and objected to competition in the form of sales by paper manufacturers direct to the retail trade, and to large

users of paper, and by paper brokers who negotiate or make sales for direct shipment from the mills to the purchaser. The respondent jobbers and wholesalers, both individually and through the respondent, Pacific States Paper Trade Association, and the respondent local associations, acting through their officers and committees, and on behalf of their members, have sought by argument and persuasion, and also by promises to increase their purchases from the manufacturers, and also by argument and persuasion and such promises combined, to induce paper manufacturers to refuse to sell their products direct to the retail trade or to users of paper or to or through brokers. Such efforts have been directed both to inducing the manufacturers not to extend their practice of making sales of the above character and to inducing them to cease selling in the above-described ways to those to whom they were already selling and accustomed to sell.

It follows from the above facts that the efforts of the respondents to prevent manufacturers of paper and paper products from selling direct to the retail trade and to large users of paper, and to prevent paper brokers from making sales of paper, in the manner above specified, and the characterization, by certain of said local associations, of some avenues of distribution as illegitimate and the designation of certain jobbers or dealers as "illegitimate dealers" as specified in paragraph 10 hereof, is designed to limit the number of jobbers of paper and paper products doing business within the territory in which these respondents do business, and is designed to prevent manufacturers of such products from making sales except to certain designated jobbers, all of which tends to and does suppress competition in the sale of such products in interstate commerce and to subject such commodities to the unlawful price fixing activities of the respondents.

PAR. 30. In 1920 the American Writing Paper Company, a manufacturer of fine paper with mills in the eastern part of the United States, demanded that the paper jobbers or wholesalers of the Pacific Coast States take from it annually a certain large tonnage of fine paper, and fixed the resale prices at which its products should be sold by the jobber or wholesaler, the prices so fixed being lower than the prices fixed in the manner hereinbefore set forth by the San Francisco local association for the same or similar articles. This demand was refused and thereupon the American Writing Paper Company shipped to the city of San Francisco a large stock of paper manufactured by it and proceeded to sell the same direct to the retail trade and to users of paper, and also fixed the prices at which such paper should be resold by jobbers or wholesalers pur-

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chasing the same. Thereupon such of the respondents as deal in fine paper, with certain exceptions, did protest, both individually and collectively, and through the respondent associations, against the American Writing Paper Company's maintaining a large stock on the Pacific Coast and selling direct therefrom to the retail trade and to users of paper, and fixing the resale price thereof for jobbers and wholesalers, and did threaten it that they would cease to purchase from it unless it discontinued such action and upon its failure to discontinue such action did in fact cease for the most part, to purchase from it. Subsequently an understanding was reached between the American Writing Paper Company and representatives of the Pacific States Paper Trade Association that the American Writing Paper Company would discontinue the practices objected to by respondents.

It follows from the above facts that such conduct on the part of respondents constituted a combined effort to coerce and control the marketing policy of the American Writing Paper Company in interstate commerce.

CONCLUSION.

That under the conditions and circumstances set out in the foregoing findings of fact—

1. The purposes, practices, and policies of the Spokane Paper Dealers and its members, as found in paragraph 20, subparagraph (c) of aforesaid findings of fact, constitute an unlawful agreement to fix and maintain prices of paper and paper products in interstate commerce.

2. The purposes, practices, and policies of all of the respondent local associations and their members as found in paragraph 20, subparagraph (i) of aforesaid findings of fact, constitute unlawful agreements to fix and maintain prices of paper and paper products in interstate commerce.

3. The practices and policies of various members of the Spokane Paper Dealers, Portland Paper Trade Association, Paper Trade Conference of San Francisco, and Los Angeles Wholesale Paper Jobbers Association, as found in paragraph 26 of aforesaid findings of fact, have a natural tendency to and do unlawfully fix prices and suppress competition in the sale of paper and paper products in interstate commerce.

4. The agreement entered into by certain respondents as found in paragraph 27, subparagraph (a) of aforesaid findings of fact, constitutes an illegal agreement to suppress competition in interstate commerce.

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5. The agreement entered into by certain respondents as found in paragraph 27, subparagraph (b) of aforesaid findings of fact, constitutes an illegal agreement to suppress competition in interstate commerce.

6. The purposes, practices and policies of members of the Seattle-Tacoma Paper Trade Conference, Spokane Paper Dealers, Portland Paper Trade Association, and officers of the Pacific States Paper Trade Association, and Zellerbach Paper Company, as found in paragraph 28 of aforesaid findings of fact, constitute an unlawful interference with free competition in the sale of paper and paper products in interstate commerce.

7. The practices, policies, and purposes of respondents as found in paragraph 29 and paragraph 10 of aforesaid findings of fact, constitute an unlawful interference with the sale of paper and paper products in interstate commerce.

8. The purposes, practices, and policies of respondents as found in paragraph 30 of aforesaid findings of fact, constitute an illegal interference with and control of the movement and sale by the American Writing Paper Company of paper and paper products in interstate commerce.

9. That all of the actions, agreements, understandings, policies and practices of the respondents as set out in these findings constitute unfair methods of competition in interstate commerce and are in 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 by the Federal Trade Commission upon the complaint of the Commission, the answers thereto, a stipulation as to the facts filed herein, and upon oral argument, and the Commission having made its report in which it stated its findings as to the facts and its conclusion thereon,

It is now ordered, That—

(a) The Spokane Paper Dealers, its officers and members, forever cease and desist from entering into or acting under any agreement or understanding, express or implied, among each other or with other jobbers or dealers, which fixes or is intended to fix the prices to be charged for paper or paper products in interstate commerce, or from using any joint or uniform price list or other device which fixes prices for paper or paper products sold or to be sold in interstate commerce.

(b) The Spokane Paper Dealers, Portland Paper Trade Association, Paper Trade Conference of San Francisco, Los Angeles Whole-

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sale Paper Jobbers Association, and their officers and members, or any of them, forever cease and desist from using, directly or indirectly, either separately or in combination, in the making or soliciting of sales in interstate commerce, the price list of any local association, or any price list the prices wherein have been fixed by agreement or understanding between two or more of respondent jobbers or wholesalers, or from compiling, publishing and distributing any joint or uniform list or compilation of prices for use or used or intended to be used in making sales of paper products in interstate commerce.

(c) Each and all of the respondent local associations, their officers and members, forever cease and desist from entering into or acting under any agreement or understanding, express or implied, among each other or others, which fixes the prices for sales designated and described in the findings herein as "mill shipments" in carload quantities or less than carload quantities, where the article sold by respondent jobber or wholesaler is one supplied by the manufacturer from a point without the state wherein such jobber or wholesaler is located, or from compiling, publishing, and distributing any joint or uniform list or compilation of prices for use or intended to be used in making such sales.

(d) Each and all of the members of the respondent local associations, whether acting independently or through the medium of such local association or associations, forever cease and desist from entering into any agreement or understanding with each other or with others to fix prices for any particular article or kind of paper or to fix prices for any particular state or territory, where the prices so fixed are designed for use and are used in quoting prices or making sales in interstate commerce.

(e) The Seattle-Tacoma Paper Trade Conference, Spokane Paper Dealers, Portland Paper Trade Association, their officers and members, the Pacific States Paper Trade Association and its officers, forever cease and desist, through the medium of meetings of the so-called Northwest Paper Dealers, or in any similar manner, from discussing uniform terms, discounts and prices, agreeing upon prices by resolution or otherwise, or employing any similar device, which fixes or tends to fix the prices at which paper or paper products shall be sold in interstate commerce, or which is designed to equalize or make uniform the selling prices, terms, discounts, or policies of such respondent jobbers in the sale of paper or paper products in interstate commerce.

(f) The Pacific States Paper Trade Association, its officers and members, and the various respondent local associations, their officers

and members, forever cease and desist from conspiring or combining between or among themselves or any of them, to hinder or prevent, by intimidation, coercion, withdrawal or threatened withdrawal of patronage, or any other similar means, the American Writing Paper Company, or any other manufacturer of paper and paper products, from making sales of paper or paper products at any price or upon any terms or condition such manufacturer may elect, to any wholesaler, jobber, dealer or consumer, whether or not considered by said respondents as entitled to such purchases.

(g) All of respondent associations and their officers and members forever cease and desist from conspiring, combining, or agreeing among themselves, or with each other or others, or through respondent associations, or any other organization or association, or in any way whatsoever, to hinder or prevent any wholesaler, jobber, dealer, or consumer from purchasing paper or paper products in interstate commerce directly from the manufacturer or wholesaler thereof or from anyone else selling or desiring to sell such products.

(h) All of respondent associations and their officers and members forever cease and desist from any attempt or effort through such associations or by concert of two or more of their members, or through any other organization or association, to hinder or prevent, by intimidation, coercion, withdrawal or threatened withdrawal of patronage or custom, either express or implied, or promises or agreements to increase such patronage or custom, any person, firm, partnership, or corporation, or any agent or representative thereof, from buying and selling paper or paper products in interstate commerce, from or to whomsoever, or at whatsoever price or terms may be agreed upon between the seller and the purchaser; or by combination or agreement, express or implied, to communicate directly or indirectly with any manufacturer, wholesaler, or retail dealer, or any agent or representative thereof, for the purpose of inducing, coercing, or compelling such manufacturer, wholesaler, or retail dealer, not to sell paper or paper products in interstate commerce to any person, firm, partnership, or corporation whether or not recognized or classified by respondents as a legitimate dealer or otherwise entitled to such purchases.

It is further ordered, That these respondents shall within sixty (60) days from the notice hereof file with the Commission a report in writing, stating in detail the manner in which this order has been complied with and conformed to.

Commissioners Thompson and Gaskill were not sitting during the oral argument and took no part in the consideration and decision of this case.

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ORDER DISMISSING COMPLAINT AS TO WASHINGTON PULP & PAPER
CORPORATION.

Respondent, Washington Pulp & Paper Corporation, having filed its motion to dismiss complaint herein as to it, and the matter having been brought to the attention of the Commission and having been fully considered, now therefore

It is ordered, That the complaint herein as to the said respondent, Washington Pulp & Paper Corporation, be, and the same is hereby, dismissed for the reason that said company is not a wholesaler of paper or paper products, is not and never was a member of any of respondent associations, and is not engaged in the practices set out in the complaint.

ORDER DISMISSING COMPLAINT AS TO AMERICAN TYPE FOUNDERS COMPANY.

Respondent, American Type Founders Company, having filed its motion to dismiss complaint herein as to it, and the motion having been duly considered by the Commission,

Now, therefore, it is ordered, That the complaint herein as to the said respondent, American Type Founders Company, be, and the same is hereby, dismissed.

THE BARRETT CO.

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Complaint.

FEDERAL TRADE COMMISSION

v.

THE BARRETT COMPANY.