

Complaint.

8 F. T. C.

IN THE MATTER OF
ALFRED PEATS COMPANY.

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

Docket 883—February 3, 1925.

SYLLABUS.

Where a corporation engaged in the sale and distribution of a ready-mixed paint, the vehicle of which contained 36 per cent volatile content, and the pigment of which consisted of 55 per cent white lead and zinc oxide and 45 per cent of calcium carbonate and siliceous matter; made such statements in describing the same in its catalogues, pamphlets, and other trade literature as "exceptionally high grade paint * * * has never failed to give * * * the best satisfaction * * * unequaled for use where durability and high class finish are desired * * *," " * * * contains pure lead, pure zinc, and pure linseed oil, together with other raw materials * * * the result is the best paint that can be made— * * *," and guaranteed to " * * * wear longer, look better and cover more surface than any other paint on the market * * *," and used the last stated quoted matter also as a part of the labeling of such paint; with the effect of misleading and deceiving the trade and general public into believing the pigment content of such paint exclusive of necessary coloring matter to be composed principally of white lead and zinc oxide, and such paint to be the best and highest quality, grade and standard of paint for exterior use:

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

Mr. George E. Wallace for the Commission.

Mr. Victor Eltinge of Chicago, Ill., for respondent.

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 Alfred Peats Company, hereinafter referred to as respondent, has been and is using unfair methods of competition in commerce in violation of the provisions of Section 5 of said Act, and states its charges in that respect as follows:

PARAGRAPH 1. Respondent is a corporation organized under the laws of the State of Illinois with its principal place of business in the city of Chicago, in said State. It was at all times hereinafter mentioned and still is engaged in the business of selling paints and painters' supplies to painters, painting contractors and dealers throughout the United States. Its method of doing business is

as follows: It sends catalogues, pamphlets and other literature describing, and setting forth the prices fixed by it for, the paints in which it deals, to customers and prospective customers throughout the United States. Upon receiving orders for paints through said means, respondent causes the paints so ordered to be shipped from its said place of business in the city of Chicago to said purchasers at points in various States of the United States. In the course and conduct of its said business, respondent is in competition with other individuals, partnerships and corporations similarly engaged in selling paints in interstate commerce, and with the trade generally.

PAR. 2. For more than one year last past respondent has caused and still causes to be inserted in its aforesaid catalogues, pamphlets and other literature, false and misleading assertions concerning the nature, quality and ingredients of its aforesaid paints among which are assertions to the effect that the paints comprised in one of respondent's brands named "Clover Leaf Paint" consist of the purest grades of white lead, zinc, linseed oil, Japan drier, etc., and are exceptionally high grade paints which have never failed to give the best satisfaction. The truth and fact as to the paints comprising said brand is, that over one-half of the solid ingredients therein consists of adulterants and fillers substituted for and inferior to white lead and zinc oxide and that the volatile constituents of the vehicle in said paints consist of mineral spirits and that the oil ingredient of said vehicle is not pure linseed oil.

PAR. 3. Aforesaid false and misleading statements had and have the capacity and tendency to mislead and deceive the aforesaid purchasers, and through said dealer-purchasers the consuming public, into the belief that the paints sold by respondent and comprised in said Clover Leaf Brand are composed of the purest grades of white lead, zinc oxide, linseed oil and Japan drier, and to purchase said paints in that belief.

PAR. 4. The above alleged acts and things done by respondent are all to the prejudice of the public and respondent's competitors 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 respondent, Alfred Peats Company, charging it with the use of unfair methods of competition in commerce, in violation of the provisions of said act.

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