

IN THE MATTER OF

FRANK W. ALTER, DOING BUSINESS UNDER THE
TRADE NAMES AND STYLES, ALTER & COMPANY, AND
EGYPTIAN GEM COMPANY

COMPLAINT (SYNOPSIS), FINDINGS, AND ORDER IN REGARD TO THE ALLEGED
VIOLATION OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 28, 1914

Docket 1860. Complaint, Aug. 6, 1930—Decision, Oct. 29, 1930

Where an individual engaged in the sale of rings, and other articles, to dealers and others, for resale to retailers and the public,

- (a) Made such statements in printed coupons furnished, sold and delivered to the retail trade and said others, and depicting such rings, as, "This coupon is worth \$2.50 to you—instead of spending fabulous sums in national publications this coupon is issued for savings thus effected and we pass it on to you. Present to dealer named below and you will receive our regular \$3 Egyptian diamond ring for 50 cents. A \$3 value for 50 cents", and through statements in other coupons similarly represented the transaction as "A \$5 value for \$1", "Worth \$4 to you", or "A \$6.50 value for \$1", "Worth \$5.50 to you", as the case might be; the facts being that the regular and reasonable price of said articles ranged from approximately 15 cents to 25 cents a piece and that the regular and reasonable value thereof was in no instance as much as \$3, \$5, \$5.50, or \$6.50, and said coupons had and represented only a false or fictitious value in connection with the purchase of such articles;
- (b) Described same in said coupons as "Egyptian diamond rings. Do not compare * * * with ordinary imitations", "* * * a genuine ring which stands the test of fire and the acid bath. I give absolutely free a one-half carat diamond stick pin with each purchase", etc., the facts being that instead of diamonds or precious stones or gems, pieces of plate glass or other glass, facet cut, or mined stones of small value, or imitations thereof, were set or mounted in said rings;
- (c) Held out a "2-year guarantee certificate with each purchase", in said coupons and furnished, sold, and delivered said "certificates of guarantee" along with said rings and coupons, offering new rings for any proving defective, and returned with "35 cents for postage charges" or "25 cents for postage, packing, and shipping", the facts being that postage charges amounted to 2 cents and cost of packing and shipping to not more than 3 cents, and that 25 cents or 35 cents afforded said individual a very large profit on each transaction, over and above said charges; with the result that members of the public were deceived into making new purchases from said individual instead of obtaining the articles at a nominal expense after paying cost of original purchase and nominal charges for postage or for postage, packing and shipping; and

Where said individual, in pursuance of a conspiracy, understanding and agreement with various persons to sell, and cause others to sell, to the public aforesaid articles, through false and deceptive practices and fraudulent representations, knowingly and intentionally employed and made in connection with sale of such articles, and in advertisements thereof in newspapers, and in said coupons and certificates,

Complaint

- (d) Sold and delivered said articles to such persons at wholesale prices ranging from \$1 to \$1.10 a dozen and from \$10.50 to \$12 per gross, together with said coupons and certificates, intending said articles to be offered in connection therewith and the aforesaid false and misleading statements and representations contained therein and in the advertisements thereof, and that the public should purchase same in reliance upon such statements and representations; and

Where such persons, in pursuance of said conspiracy, understanding and agreement,

- (e) Offered, advertised, and sold said articles to the public under the aforesaid plan and representations and accepted from the purchasers thereof on account of the purchase price, said coupons, theretofore received by such persons from said individual without charge or bought along with said various articles, and as a part of the transaction gave to the purchasers aforesaid certificates of guarantee, similarly received; and

Where said individual, in pursuance of said conspiracy, etc.,

- (f) Received and continued to receive said certificates of guarantee from purchasers, together with sums of money and the rings previously sold, and to return new ones therefor, as in replacement of the old;

With intent and result that members of the public were deceived into buying said articles as diamond rings, etc., regularly worth the figures assigned them and more than 15 cents or 25 cents, as the case might be, and in the belief that postage charges for replacement constituted 25 cents or 35 cents, certificates did not involve a substantial profit to said individual, but constituted a bona fide guarantee, and coupons were worth \$2.50, \$4 or \$5.50, respectively, and into purchasing said rings, in such belief, and with capacity and tendency so to do;

Held, That such practices, under the circumstances set forth, were to the prejudice of the public and competitors and constituted unfair methods of competition.

Mr. Edward E. Reardon for the Commission.

SYNOPSIS OF COMPLAINT

Reciting its action in the public interest, pursuant to the provisions of the Federal Trade Commission Act, the Commission charged respondent individual, engaged at wholesale and retail in the sale of jewelry, including rings, stick pins, and other articles, and with place of business in Chicago, with offering deceptive inducements to purchase through fictitious coupon values and certificates of guarantee, misrepresenting nature of product and prices and advertising falsely or misleadingly in said respects, and combining or conspiring to sell products through aforesaid false, deceptive, and fraudulent practices,¹ in violation of the provisions of sec-

¹ As set forth in the complaint and findings, respondent's coconspirators, including one C. P. Morsert, are not joined due to the fact that their "true names and constantly changing places of abode or residence addresses" are unknown to the Commission.

Findings

14 F. T. C.

tion 5 of such act, prohibiting the use of unfair methods of competition in interstate commerce.

Respondent's plan of operation, herein challenged, consisted, as alleged, in the sale to dealers and various other individuals, of rings, stick pins, and other articles, of relatively little value, together with (a) coupons in or upon which (1) a grossly exaggerated, fictitious value or price was assigned to the article, (2) a pretended value, in exchange for such article, was assigned to the coupon itself, and (3) such statements or representations were set forth describing said articles, with their cheap glass or stone settings or mountings, as "ring set with a Sumatra diamond * * * stands the test of fire and the acid bath * * *", "Diamond stick pin", etc., and (b) so-called certificates of guarantee purporting to replace a defective article at nominal charges to cover postage, packing and shipping of the new article, but in fact affording respondent a profit on a new transaction, said plan being employed by respondent individually, and in combination and cooperation with others to purchase, and advertise, sell, distribute and/or receive, as the case might be, the articles, coupons, and certificates, to, among, or from the purchasing public; with intent and effect of confusing, misleading, and deceiving members of the public into purchase of the aforesaid rings, stick pins, and other articles in reliance upon the misrepresentations in question as to the prices and values thereof, and the accompanying coupons and certificates, and with tendency and capacity so to do; all to the injury and prejudice of the public and respondent's competitors, in violation of the aforesaid provisions of section 5.²

Upon the foregoing complaint, the Commission made the following

REPORT, FINDINGS AS TO THE FACTS, AND ORDER

Pursuant to the provisions of an act of Congress approved September 26, 1914 (38 Stat. 717), the Federal Trade Commission issued and served a complaint upon the respondent, Frank W. Alter, charging him with the use of unfair methods of competition in commerce in violation of the provisions of said act.

The respondent having filed his answer herein in which he admits the various allegations made in the complaint and states that he desires to waive hearing on the charges in the complaint and does not desire to contest the proceeding.

Thereupon this proceeding came on for a final hearing on the complaint and answer and the Commission having duly considered

² Allegations of the complaint are set forth, substantially verbatim, in the findings below, respondent having admitted such allegations in his answer.

the record and being fully advised in the premises, makes this its findings as to the facts and conclusion drawn therefrom:

FINDINGS AS TO THE FACTS

PARAGRAPH 1. The respondent, Frank W. Alter, is an individual, residing at 6156 Sheridan Road in the city of Chicago, Ill. The respondent has been since on or about the year 1915 and now is engaged in doing business at wholesale and retail under the trade name and style of Alter & Co., having a place of business at No. 165 West Madison Street in the city of Chicago.

PAR. 2. The respondent has also been engaged for several years, including the years 1929 and 1930, in doing business at wholesale and retail under the trade name and style, Egyptian Gem Co., at No. 165 West Madison Street in the city of Chicago.

PAR. 3. The respondent, during the times above mentioned and referred to has been engaged under the trade names and styles above referred to in the business of the sale of jewelry, including the rings, stick pins, and other articles hereinafter mentioned and referred to in paragraphs 5, 8, and 9 hereof, which the respondent has sold to various individuals, firms, and corporations, dealers therein who purchase jewelry for resale, and to others, members of the public who purchase jewelry for personal use and wear located in the District of Columbia and in the various States of the United States other than Illinois, and respondent has caused and still causes the jewelry when so sold by him to be transported in commerce from his place of business in Illinois, or from the State of origin of the shipment thereof, to, into, and through States other than Illinois or the State of origin of the shipments and into the District of Columbia to the purchasers to whom the jewelry has been sold by the respondent.

PAR. 4. During the times above mentioned and referred to, other individuals, firms, and corporations in the various States of the United States are and have been engaged in the sale and delivery of jewelry, including rings, stick pins, and other articles, to individuals, firms, and corporations, dealers therein, and to members of the public who purchase jewelry for personal use and wear located in the District of Columbia and in the various States of the United States other than the State of origin of the shipments of the jewelry.

The respondent is and has been, during the times above mentioned and referred to, in competition in commerce with said other individuals, firms, and corporations in the sale of jewelry including rings and stick pins.

Findings

14 F. T. C.

PAR. 5. Among the articles of jewelry sold by respondent, referred to in paragraph 3 hereof are finger rings and stick pins in which pieces of glass and stones and gems of slight value were set, or mounted, facet cut, in the form, shape, and size of diamonds or other gems.

During the times above mentioned and referred to, the respondent has regularly sold and still sells the rings, stick pins, and other articles of jewelry referred to herein at wholesale, at approximately \$1 to \$1.10 per dozen, \$10.50 to \$12 per gross, or at the rate, approximately, of 8 cents to 9 cents per piece or article, to the retail trade and to various individuals including one C. P. Morsert, who resold the same to retail dealers and to members of the public who purchased them for personal use and wear.

During the times referred to herein the respondent furnished, sold, and delivered to the retail trade and to the said various individuals, the purchasers of the finger rings and stick pins, certain printed coupons, more fully described and set out in paragraph 6 hereof, which carried pictorial illustrations of rings in various designs, in which stones or gems were represented to be set or mounted, and respondent also furnished, sold, and delivered therewith to the purchasers of the rings and stick pins certain "certificates of guarantee" which are more fully set forth and described in paragraph 7 hereof.

PAR. 6. Among the coupons referred to in paragraph 5 hereof, which the respondent during the above-mentioned times furnished, sold, and delivered as set forth in said paragraph 5, were coupons on which were, besides illustrations of rings, statements, and representations among others of similar purport and effect, as follows:

(1) None sold to dealers. Limited time only. Guaranteed by Mfr. for two years. This coupon is worth \$2.50 to you. This is our method of advertising.

Instead of spending fabulous sums in national publications, this coupon is issued for savings thus effected, and we pass it on to you. Present to dealer named below and you will receive our regular \$3 Egyptian diamond ring for 50 cents.

Either ladies or gentlemen. A \$3 value for 50 cents.

Do not compare Egyptian diamonds with ordinary imitations. They can not be told from genuine diamonds. When shown recently in New York City, these Egyptian diamonds created a sensation.

Limit two rings to a customer. Positively none of these rings sold at this price after sale.

(2) This coupon is worth \$4 to you. This coupon is worth \$4 to you!

This is our method of advertising. Instead of spending fabulous sums in national publications, this coupon is issued for savings thus effected, and we pass it on to you. Present to dealer named below and you will receive our regular \$5 Egyptian diamond ring for \$1.

Either ladies or gentlemen. A \$5 value for \$1.

Do not compare Egyptian diamonds with ordinary imitations. They can not be told from genuine diamonds. When shown recently in New York City, these Egyptian diamonds created a sensation.

Limit two rings to a customer. Positively none of these rings sold at this price after sale.

When ordering by mail add 25 cents postage. None sold to dealers, and

(3) This coupon is worth \$5.50 to you. Cut it out now. \$1.

\$1 regular \$6.50 value for \$1.

This is a ring set with a SUMATRA DIAMOND, in a guaranteed mounting. It is not the Egyptian, the Barrios or the Arkansas diamond that visits your city for three days only and sells for 49 cents, but it is a genuine ring. It stands the tests of fire and the acid bath. We give absolutely free a ½ carat DIAMOND STICK PIN and a 2-year guarantee certificate with each purchase. Don't be misled by other cheap rings, as this is a full facet cut stone. Bring this coupon with you as it is essential.

Any size or style, either ladies' or gents'.

On sale only at

PAR. 7. Among the certificates of guarantee referred to in paragraph 5 hereof, which the respondent, during the above-mentioned times furnished, sold, and delivered, as set forth in paragraph 5 hereof, were "certificates of guarantee" in which were statements and representations, among others of similar purport and effect, as follows:

(1) Certificate of guarantee. This ring is sold to you with a fully guaranteed condition of five years from date of purchase (date bought-----19--). We will exchange ring for new one if defective in any form, if stone loosens or falls out.

Send 35 cents for postage charges with your ring and you get a new ring free.

EGYPTIAN GEM Co.,

165 W. Madison St., Chicago, Ill.

(2) 2-YEAR GUARANTEE. This certifies that this ring is guaranteed to be perfect in workmanship and to give entire satisfaction to the owner.

If within 2 years this ring proves unsatisfactory either by loss of gem, brilliancy, or by tarnish, return this ring with this guarantee to our company and we will replace ring with new one.

Enclose 25 cents for postage, packing, and shipping.

EGYPTIAN GEM Co.,

165 W. Madison St., Chicago, Ill.

Date purchased-----

PAR. 8. Instead of diamonds or other precious stones or gems, pieces of plate glass or other glass, facet cut, or mined stones of small value or imitations thereof, were set or mounted in the rings, stick pins, and other articles of jewelry mentioned and referred to in paragraphs 5, 6, and 7 hereof. The said rings and stick pins were not diamond rings or diamond stick pins.

Findings

14 F. T. C.

The regular, usual and reasonable value of the said rings, stick pins and other articles of jewelry referred to above, when sold at retail to members of the public who purchase them for personal use and wear, was, during the times above mentioned, in no instance as much as \$3, \$5, \$5.50, or \$6.50 per article.

The regular, usual and reasonable price of the said rings, stick pins or other said articles of jewelry, when so sold at retail, is and has been during said times, approximately, 15 cents to 25 cents per article.

The postage charges during the above mentioned times for sending one of the said rings, stick pins or other articles of said jewelry by mail from respondent's place of business in Chicago, Ill., to any one located elsewhere in the United States is and has been 2 cents, and the cost of packing and shipping has been no more than, approximately, 3 cents, and during said times the sums of 35 cents and 25 cents mentioned, respectively, in the certificates of guarantee, described and referred to in paragraph 7 hereof, represented, in addition to the necessary charges for postage, or for postage, packing, and shipping, a very large profit to respondent in each transaction based upon one of said certificates.

The said certificates of guarantee purported to be connected with a previous sale of a ring and to be for the sole purpose of making good to the purchaser according to the terms and promises of a contract of sale, by way of replacement, for a defect in quality or condition of a ring previously sold to him, whereby the purchaser would have the terms of the original contract of sale carried out with only an additional, nominal charge to him not exceeding 5 or 6 cents for postage, or for postage, packing, and shipping.

The transactions between members of the public and respondent under the said certificates of guarantee constituted, in reality, sales of rings on the part of the respondent with large profit to the respondent, and the members of the public, who were parties to said transactions, were deceived by the statements and representations made to them in the sale of rings in which the said certificates of guarantee were given to them and by the statements and representations in said certificates into taking part in transactions that in fact included the purchase of rings from the respondent instead of obtaining them at a nominal expense and without further cost than the price paid on the original purchase of a ring, except nominal charges for postage, or for postage, packing, and shipping.

The statements set forth in paragraph 6 hereof that the coupons were worth respectively \$2.50, \$4, and \$5.50 were false representations of material facts.

The said coupons each had and represented only a feigned or fictitious value to members of the public in connection with purchases of the rings based on the fictitious and false prices and values of the rings set forth in the coupons. Otherwise the coupons were of no value to the said members of the public.

PAR. 9. During the years 1929 and 1930 the respondent and certain various individuals, including one C. P. Morsert (whose true names and constantly changing places of abode or residence addresses are unknown to the Federal Trade Commission, and who are for that reason not named as respondents herein), have knowingly, and with intent so to do, unlawfully engaged in, and continue to be engaged in, a conspiracy, common understanding, combination and agreement to sell and to cause others, including retail dealers, to sell to members of the public, who purchase jewelry for personal use and wear, rings, stick pins, and jewelry by means of false, deceptive, and fraudulent practices knowingly and with intent employed, and by means of false, deceptive, and fraudulent representations knowingly and with intent made, and caused to be made, in the sale of said rings, stick pins, and other articles of jewelry, by respondent and the aforesaid certain various individuals, including said Morsert, to retail dealers and to members of the public, the purchasers and prospective purchasers of said articles of jewelry, as hereinafter set forth, in advertisements published in newspapers throughout the said various States, and in coupons and certificates of guarantee described and referred to in paragraphs 6 and 7 hereof, with knowledge on the part of respondent and said certain various individuals that said practices and representations were, when so made and employed, false, deceptive, and fraudulent and that members of the public who purchase rings and stick pins and said other articles of jewelry for personal use and wear relied and were relying on said representations, in purchasing said rings, stick pins, and other articles of jewelry and had been and were being deceived and defrauded thereby as hereinafter set forth.

PAR. 10. In pursuance of the conspiracy, common understanding, combination and agreement above mentioned and referred to, the respondent during the years 1929 and 1930 sold and delivered to the said certain various individuals, including one C. P. Morsert, mentioned and referred to in paragraph 9 hereof, rings, stick pins, and other articles of jewelry mentioned and referred to in paragraphs 5, 6, 7, and 8 hereof, at wholesale, at the prices set forth in said paragraph 5 and furnished, or sold and delivered to said individuals and said C. P. Morsert, together with the same, the coupons mentioned and referred to in paragraph 6 hereof, and the certificates of

Findings

14 F. T. C.

guarantee mentioned and referred to in said paragraph 7, with the knowledge and intent on the part of the respondent that the said individuals and said C. P. Morsert would make it the practice to cause the said rings, stick pins, and other jewelry to be offered for sale by them and by others, retail dealers throughout the said various States, in connection with the coupons and certificates of guarantee, so furnished or sold and delivered by respondent and in connection with the statements and representations contained in said coupons and certificates, and in advertisements in newspapers published throughout the said various States, and with the knowledge that the said rings, stick pins, and other articles of jewelry were so offered for sale to the public and that members of the public, who purchase rings, stick pins, and said other articles of jewelry purchased the same relying upon the statements and representations made to them in said coupons and certificates of guarantee and in said advertisements in newspapers, among others, as hereinafter mentioned and referred to and otherwise.

PAR. 11. In pursuance of the aforesaid conspiracy, combination, and agreement with the respondent the said certain various individuals and the said C. P. Morsert, during the times above mentioned and referred to, with full knowledge of all the facts above stated, bought the aforesaid rings, stick pins, and other articles of jewelry from the respondent and received without charge or bought therewith from respondent the coupons and certificates of guarantee above mentioned and referred to, and thereafter, during the aforesaid times placed or caused advertisements to be placed by retail dealers in newspapers in the name or names of the retail dealers, offering the said rings, stick pins and other jewelry for sale to the members of the public who purchased said jewelry for personal use and wear, in connection with the coupons and certificates of guarantee and the statements and representations contained in said coupons and certificates and in said advertisements.

PAR. 12. Among the advertisements placed or caused to be placed in newspapers, mentioned and referred to in paragraph 9, 10, and 11 hereof during the times above mentioned and referred to was one, which, besides pictorial representations of rings, contained therein the following:

THIS COUPON IS WORTH \$5.50 TO YOU

CUT IT OUT NOW

\$1

\$1 REGULAR \$6.50 VALUE FOR \$1

This is a ring set with a SUMATRA DIAMOND, in a guaranteed mounting. It is not the Egyptian, the Barrios, or the Arkansas diamond that visits your city for 3 days only and sells for 49 cents, but it is a genuine ring. It stands the test of fire and the acid bath. We give absolutely free a 1½ carat diamond stick pin and a 2-year guarantee certificate with each purchase. Don't be misled by the other cheap rings, as this is a full facet cut stone. Bring this coupon with you as it is essential.

ON SALE ONLY AT
SINGER SEWING MACHINE CO.
EAST SIDE SQUARE

PAR. 13. In further pursuance of the aforesaid conspiracy, common understanding, combination, and agreement the said certain individuals and said C. P. Morsert, during the aforesaid times with knowledge thereof on the part of respondent, by means of the aforesaid practices and representations sold the rings, stick pins, and other articles above mentioned to the public, received the said coupons from the said purchasers on account of the purchase price and, as part of the transaction in the purchase and sale of the said rings, stick pins, and other articles of jewelry, gave to the said purchasers the certificate of guarantee set forth and referred to in paragraphs 7, 9, 10, 11, and 12 hereof.

PAR. 14. In further pursuance of the aforesaid conspiracy, common understanding, combination, and agreement, the respondent with full knowledge of all the facts above mentioned has, during the times above mentioned, received and continues to receive said certificates of guarantee by United States mail and otherwise from the above mentioned purchasers, members of the public who bought the said rings, stick pins, and other said articles of jewelry for personal use and wear as above described, together with the sum or sums in money and the ring or rings, previously sold, mentioned in said certificates and in exchange therefor has sent rings to the said purchasers mentioned and described in said certificates as being in replacement of the rings previously sold to them.

PAR. 15. In consequence of the said conspiracy, common understanding, combination, and agreement between the respondent and the said certain individuals and said C. P. Morsert and the acts and practices done by them, as above set forth, during the times above mentioned and referred to, members of the public, who bought said

Findings

14 F. T. C.

rings for personal use and wear, were deceived into buying and bought the same in the belief:

(1) That the pieces of plate glass or other glass set or mounted in the rings were diamonds;

(2) That the regular, usual and reasonable value of the said rings, stick pins, and other articles of jewelry was during the said times and now is \$3, \$5, \$5.50, or \$6.50 per article, respectively;

(3) That the regular, usual, and reasonable price of the said rings, stick pins, and other articles of jewelry during said times, was more than 15 cents for said stick pins and more than 25 cents for said rings and the said price for said rings was \$3, \$5, \$5.50, and \$6.50;

(4) That the postage charges and the charges for postage, packing, and shipping of one of the said rings by respondent to a purchaser, located elsewhere than in said city of Chicago, in replacement of a ring previously bought by said purchaser as above set forth, was 25 cents and 35 cents during the said times;

(5) That the said certificates of guarantee were no more than bona fide guarantees of the condition of the ring in connection with the sale of which they were given; and that the transaction under said certificates of guarantee did not involve a substantial profit to respondent;

(6) That the coupons above mentioned and referred to in paragraph 6 hereof were worth the sums of \$2.50, \$4, and \$5.50, respectively, in the purchase of one of said rings as a credit of equal amount on the regular, usual and reasonable price of said ring.

PAR. 16. The representations made, during the above-mentioned times, by respondent and the said certain individuals and C. P. Morser to members of the public in the sale of rings, stick pins, and said other articles of jewelry, as aforesaid, in the coupons, certificates of guarantee and in newspapers and otherwise; that said rings and stick pins, were diamond rings and stick pins; and that the values and prices of the said rings, stick pins, and other articles of jewelry set forth in said coupons, certificates, and newspaper advertisements and otherwise were and are the regular, usual, and reasonable values and prices of the same, when sold to members of the public who purchase the same for personal use and wear; that the said charges for postage or for postage, packing, and shipping were 25 cents and 35 cents, respectively; that the said certificates of guarantee represented that rings would be sent in replacement of other rings previously sold at a nominal charge for postage or for postage, packing, and shipping, only, for the ring so sent in replacement; and that the said coupons were worth to a purchaser of one of said rings, \$2.50, \$4 and \$5.50 or any other sum, were each and all false in fact and

were material representations made in the sale of said rings, stick pins, and other articles of jewelry by respondent and by the said certain individuals and C. P. Morsert to the members of the public with knowledge that they were false when made and made with the intent that the members of the public would rely on said representations in the purchase and sale of the said jewelry, and the said representations had the tendency and capacity to confuse, mislead, and deceive members of the public into buying said rings, stick pins, and said other articles of jewelry as set forth above.

CONCLUSION

The practices of the respondent under the conditions and circumstances set forth in the foregoing findings are to the prejudice of the public and respondent's competitors and are unfair methods of competition in commerce and constitute a violation 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".

ORDER TO CEASE AND DESIST

This proceeding having been heard by the Federal Trade Commission and upon the answer of the respondent, filed herein, in which the respondent admitted the allegations made in the complaint and admitted that he did do the practices alleged in the complaint, and the Commission having made its findings as to the facts and its conclusion that the respondent has 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 respondent above named, Frank W. Alter, his agents, representatives, and employees, do hereafter cease and desist:

1. From using and from conspiring, or combining or having any understanding or agreement with others, to use the word "diamond", and the words "stands the tests of fire and the acid bath", or words having substantially the same meaning, in the advertising, branding, labeling, or designation of stones or imitations thereof, either unset, or set or mounted in rings or other pieces of jewelry, which are not diamonds;

2. From representing the regular, usual, and reasonable value or prices of rings, stick pins, or other articles of jewelry to be a sum or

Order

14 F. T. C.

sums of money larger in amount than the regular, usual, and reasonable value or prices of the same actually are; and

3. From representing that the postage charges or the charges for postage, packing, and shipping of rings or other articles of jewelry or merchandise sold or offered for sale by respondent are a sum, or sums of money more than the said charges actually are at the time, in the sale of jewelry in interstate commerce.

It is further ordered, That the said respondent within 30 days from and after the date of the service upon him of this order, shall file with the Commission a report or reports in writing, setting forth in detail the manner and form in which he is complying and has complied with the order to cease and desist hereinabove set forth.

Syllabus

IN THE MATTER OF

L. A. CRANCER AND G. B. FLEISCHMAN, TRADING
UNDER THE FIRM NAMES AND STYLES OF ALLE-
GHENY TUBE & STEEL COMPANY, ETC.

COMPLAINT (SYNOPSIS), FINDINGS, AND ORDER IN REGARD TO THE ALLEGED
VIOLATION OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914

Docket 1848. Complaint, June 19, 1930—Decision, Oct. 31, 1930

Where certain large corporations had long engaged as Allegheny Steel Co., Erie Iron & Steel Co., Illinois Steel Co., Westinghouse Electric Co., Pittsburgh Valve & Fittings Co., and National Plumbing Supply Co., in the manufacture and sale of pipe, castings, etc., as the case might be, and had come to be widely and favorably known for the quality of their output and character of their organizations; and thereafter a firm dealing in pipe, nipples, couplings, plugs, and other products comparable to or associated by the public with those offered and sold by said corporations, in pursuance of a method of conducting its business under various trade names simulating names of such corporations and purporting to represent distinct, independent business organizations, uncontrolled by it and competing with one another and all others similarly engaged,

- (a) Adopted trade name Allegheny Tube & Steel Co. and employed same in catalogues and price lists and represented such company as operator of a large and extensive plant making pipe and pipe fittings sold by it under such name, affording purchasers opportunity to secure products directly from the manufacturer without paying profits of jobbers or middlemen, and employed in advertising matter and other literature the words "From mill to you", "Tubular Division", and "Plant No. 3"; the facts being that it owned no manufacturing plant of any kind until recent incorporation under said name and acquisition of machinery and equipment for limited nipple manufacture;
- (b) Adopted and employed trade name Coupling Manufacturing Co. and represented said company as having made large purchases of pipe, at low prices, for manufacture into nipples of characteristic Coupling quality, affording opportunity for saving through purchase directly from the manufacturer, and over fictitious signatures wrote prospective purchasers of the alleged advantages thus to be derived; fact being that said nipples, couplings, and other products, excepting a small quantity made by said Allegheny Co., were manufactured in plants or mills with which it was neither directly nor indirectly connected and purchase of said products from it or said fictitious Coupling Co. saved purchasers no profits of jobbers or middlemen;
- (c) Adopted trade name Erie Iron & Tube Co., and employed same in price lists, quotations, etc., with words "University city", and displayed legend "Pipe fabricating department", and name "Walter King, division manager", on business stationery; fact being it had no such department at said place or elsewhere and said name was one of the fictitious names employed by it in conducting business as said Erie Iron & Tube Co.;