

Complaint

IN THE MATTER OF

A. S. DOUGLIS AND DAVID HELFINBEIN INDIVIDUALLY
AND AS COPARTNERS TRADING AS A. S. DOUGLIS &
COMPANY AND LINCOLN SALES COMPANYCOMPLAINT (SYNOPSIS), FINDINGS, AND ORDER IN REGARD TO THE ALLEGED
VIOLATION OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914*Docket 1862. Complaint, Aug. 12, 1930—Decision, June 28, 1932*

Where a firm engaged in the sale of knives, candy, tableware, clocks, and various other small articles of merchandise to wholesale and retail dealers in the various States, supplied said dealers with punch boards, push cards, and fortune boards for retailer's use in selling said various articles in accordance with chance selection by ultimate purchaser of the concealed winning name or number or last purchase or punch on the board, pursuant to a plan under which the purchaser received an article of a value exceeding the price of his punch or nothing, depending upon his fortune or lack of fortune in making his selection and the retailer received an aggregate sum exceeding the cost to him of the articles thus disposed of;

With result that prospects were induced to purchase a punch in the hope and expectation of securing an article, or the desired article for 5 or 10 cents, or to engage in a game of chance, and a great number purchased and continued to purchase punches until all the articles had been distributed, and trade was diverted from competing manufacturers and jobbers of similar merchandise who declined to employ such a means of selling and distributing their merchandise due to its illegality in practically all the States, their belief that it constituted the merchandising of a chance and that it was not good business for a small number of customers to be winners and a much larger number losers, that the practice was morally bad, encouraging both adult and child "to take a chance", that sanction of such methods would result in a progressive increase in the gambling aspects thereof, and that manufacturers, distributors, and wholesalers were not in the gambling but merchandising business, and should not be compelled to adopt such sales methods in order to meet competition:

Held, That such practices, under the circumstances set forth, were to the injury and prejudice of the public and competitors and suppressed and tended to suppress competition in the sale of merchandise and constituted unfair methods of competition.

Mr. Henry C. Lank for the Commission.

Mr. J. Bond Smith and *Mr. Lucius Q. C. Lamar*, of Washington, D.C., and *Mr. John A. Nash*, of Chicago, Ill., for respondents.

SYNOPSIS OF COMPLAINT

Reciting its action in the public interest, pursuant to the provisions of the Federal Trade Commission Act, the Commission

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charged respondents, A. S. Dougliis and David Helfinbein, of Chicago, partners, engaged as A. S. Dougliis & Co. and Lincoln Sales Co. in sale of various articles of merchandise to purchasers in various States, together with various devices and plans of merchandising, involving operation of gift enterprises and/or lottery schemes and sale of merchandise or products in question to ultimate consumers wholly by lot or chance, with using lottery scheme in merchandising, in violation of the provisions of section 5 of such act, prohibiting the use of unfair methods of competition in interstate commerce.

Said respondents, as charged, supply along with the merchandise and products sold by them, punch boards of various shapes and sizes,¹ for retailer's use in disposing of said merchandise and products, together with display cards advising prospective consumer purchaser of nature of scheme or plan, under which purchaser pays 5 cents or 10 cents for each punch and receives nothing other than privilege of punching a number, or article of merchandise exceeding in value the 5 cents or 10 cents paid, depending upon particular number secreted within the covered holes of the punch board, or the making, in some cases, of the last punch on the board; the assortment and arrangement being such that while the value of any article of merchandise is greater than the cost of a single punch, the "combined value of the articles of merchandise is much less than the cost of the total punches on the board."²

Through the use of said punch boards, push boards, fortune boards, and other similar devices, in conjunction with or as a part of respondents' system of merchandising, the purchasing public, as alleged in the complaint, are "induced and persuaded into purchasing punches from the said boards in the hope that they may obtain one of the prize-winning numbers and thus obtain one of the prizes called for by the said numbers"; so that "the merchandise of the respondents is thus distributed to the purchasers of punches from the board wholly by lot or chance", and as a result of said system of merchandising and the use thereof and cooperation therein by respondents' retail dealer customers, who expose the articles of merchandise in connection with the punch boards, etc., and sell punches, pushes, or fortune cards "to the purchasing public in accordance with the aforesaid plans whereby the said merchandise of the respondents is distributed to the purchasers of punches, pushes, or fortune cards from the said boards wholly by lot or chance", re-

¹ As also push boards or fortune boards and other similar devices.

² The punch boards as described in the allegations of the complaint, may be found described in detail in the findings, *infra*, in the second paragraph on page 357.

As alleged in the complaint "the push boards and the fortune boards involve substantially the same plan and lottery scheme" as the punch boards.

spondents "supply to and place in the hands of others the means of conducting a lottery in the sale of their products in accordance with the respondents' sale plan hereinabove set forth."

Respondents' aforesaid sales plans, as alleged, "thus tend to and do induce many of the consuming public to purchase respondents' said products in preference to the products of respondents' said competitors because of the chance of obtaining one of said articles of merchandise at a price of 5 cents or 10 cents, rather than at the normal retail price of the same, which is many times greater than 5 cents or 10 cents, and the distribution of said articles of merchandise to the consuming public is determined wholly by lot or chance"; all to the prejudice of the public and respondents' competitors.

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, the Federal Trade Commission issued and served a complaint upon the respondents A. S. Dougkis and David Helfinbein, individually and as copartners trading as A. S. Dougkis & Co. and Lincoln Sales Co., charging them with the use of unfair methods of competition in commerce in violation of the provisions of said act.

The said respondents entered their appearance and filed their answer to said complaint. Thereafter, the matter being ready for the taking of evidence with respect to the charges in the complaint, a stipulation as to the facts was agreed upon and entered by respondents and counsel for the Commission wherein it was stipulated and agreed that the statement of facts therein recited might be taken as the facts in this proceeding and in lieu of testimony in support of the charges stated in the complaint or in opposition thereto, and that the Federal Trade Commission might proceed upon said statement of facts to make its report, stating its findings as to the facts (including inferences which it may draw from the said stipulated facts) and its conclusion based thereon, and might enter its order disposing of the proceeding. Said stipulation as to the facts was approved by the Commission, and thereafter briefs were filed and the matter was orally argued before the Commission by counsel for the Commission and for the respondents.

Thereupon this proceeding came on for final hearing, and the Federal Trade Commission, having duly considered the entire record and being fully advised in the premises, makes this its report, stating its findings as to the facts and conclusion drawn therefrom:

FINDINGS AS TO THE FACTS

PARAGRAPH 1. The respondents, A. S. Dougliis and David Helfinbein, are copartners doing business under the names and styles of A. S. Dougliis & Co. and Lincoln Sales Co. Their principal office and place of business is located in the city of Chicago, State of Illinois. They are now, and for more than 4 years last past have been engaged in selling various articles of merchandise to purchasers thereof located in various States of the United States. They cause said merchandise, when sold, to be transported from their place of business, in the State of Illinois, into and through other States of the United States to purchasers thereof located in a State or States of the United States other than the State of Illinois. The respondents do not manufacture any of the articles of merchandise sold by them. In the course and conduct of their business respondents are engaged in competition with other corporations, partnerships, and individuals engaged in the sale and distribution of similar articles of merchandise in commerce between and among the various States of the United States.

PAR. 2. In the course and conduct of their business, as described in paragraph 1 above, the respondents have been and are now soliciting the sale of and selling and transporting in interstate commerce to retail and wholesale dealers in various States of the United States certain articles of merchandise. Said merchandise consists of knives, candy, tableware, clocks, dishes, traveling bags, blankets, jewelry, fountains pens, automatic pencils, flashlights, cigarette cases, pipes, sporting goods, fishing tackle, cameras, doll babies, and various other small articles. All the above merchandise is fully described in the catalogs issued by the respondents, copies of which were introduced into the record as Commission's Exhibits Nos. 1 and 2. The respondents, in selling to wholesale dealers or jobbers, use the trade name A. S. Dougliis & Co., and when selling direct to retail dealers use the trade name Lincoln Sales Co. In the sale and distribution of their merchandise, said respondents furnish to wholesale dealers and jobbers, and to retail dealers, various punch boards, push cards, and fortune boards which are complete and ready for use and which bear a legend indicating the method in which said punch boards, push cards, and fortune boards may be used by the retail dealer without alteration or rearrangement. In some cases the punch boards, push cards, and fortune boards are sold by respondent to wholesale and retail dealers with the merchandise and in other cases the punch boards, push cards, and fortune boards are given away or furnished free upon the purchase of merchandise or merchandise assortments.

In all cases, title to the punch boards, push cards, or fortune boards passes when the merchandise is sold. These punch boards, push cards, and fortune boards are varied in their details, but make use of certain principles which are more or less fully illustrated by the exhibits introduced into the record (Com. Ex. Nos. 3, 4, and 5, being a punch board, push card, and fortune board, respectively), the details of which are as follows:

Exhibit no. 3, commonly termed a punch board, is a laminated pasteboard approximately five-eighths of an inch thick and at the top of it appear the following legends:

Super	Novelty	Knives
5 cents per sale	The Midget	5 cents per sale

Immediately below the above legends, a knife is fastened to the board by elastic loops and immediately thereunder appears the legend "last sale." Below the knife just referred to five other knives are fastened to the board by elastic loops and under each knife appears the following numbers: 25, 50, 75, 100, 125, respectively. The remaining section of the board contains 300 holes going entirely through the board, each hole containing a slip of paper bearing numbers from 1 to 300, respectively, but not arranged in consecutive order. A thin paper is pasted under the holes and also over the holes, so as to effectively conceal the slips of paper and to prevent their being examined, but permitting the location of the holes to be easily seen. The person playing the board, or purchasing a chance, punches a slip of paper out of one of the holes, and if the slip bears a number corresponding to the numbers under the respective knives, then the purchaser is entitled to receive, and does receive, the said knife without additional charge. If the purchaser of a punch or chance punches a slip which does not bear one of the winning numbers, he receives nothing for his money except the privilege of punching one of the holes. The purchaser buying the last punch on the board receives the knife directly above the legend "last sale" without additional charge.

Exhibit no. 4, commonly termed a push card, is a cardboard approximately 5 inches by 7 inches, the lower section of which is occupied by 15 perforated holes, each bearing a girl's name, while opposite these 15 holes is the list of girl's names with a blank space thereafter for the purpose of recording the name of the purchaser of each punch. The top section of the board is occupied by a master perforated circle with a seal pasted over it. Under this seal is one of the girl's names appearing in the lower section of the board. This name is effectively concealed from view until the master circle is pushed

out and the seal removed. The pushes, or the privilege of selecting a girl's name on the board cost the prospective purchaser a fixed amount, and when all of the pushes are sold the large hole is pushed out and the seal removed and the purchaser who has selected the name which appears under that seal is the winner of the article of merchandise being distributed by this method. The purchasers of the other pushes receive nothing for their money.

Exhibit no. 5, commonly termed a "fortune board", is a small box-like arrangement containing three compartments containing slips of paper so folded that when the first slip is pulled out, it raises the edge of the next slip so that it can be readily grasped or pulled out. The compartments contain a total of 100 slips bearing numbers from 1 to 100, respectively, but not arranged in consecutive order. The numbers on the said slips are effectively concealed from view until the slip has been pulled from the compartment. The slips also contain a short sentence purporting to represent the purchaser's fortune. The front of the boxlike arrangement contains a space on which legends concerning the winning number or numbers may appear. The cost of pulling one of the slips of paper is fixed and the winning number or numbers is determined before the merchandise and the fortune board are displayed to the public. The purchaser making a purchase draws out one of the slips; and if the slip contains the winning number or one of the winning numbers, he is entitled to receive, without additional cost, the article of merchandise called for. If the slip does not contain the winning number or one of the winning numbers, he received nothing for his money except the privilege of pulling one of the slips.

These exhibits illustrate the principle of the various punch boards, push cards, and fortune boards, although the respondents use numerous variations of the same in particular cases and these numerous variations are fully and completely referred to in respondent's catalogs (Exs. Nos. 1 and 2).

Retailers who distribute the said merchandise by means of the aforesaid punch boards, push cards, and fortune boards use a method substantially as follows:

Said punch boards consist of boards of various shapes and sizes, with from 100 to 4,000 holes. Into each of the holes has been inserted a small slip of paper bearing a printed number, the printed slips bearing separate numbers totaling the number of holes contained in the board, but not consecutively arranged, and said slips are so placed and covered in said punch board that they cannot be seen by the customer until they have been punched from the board.

The punch boards bear legends indicating the numbers which entitle the purchasing public to an article of merchandise or prize, and in some cases the last punch in each board receives a prize. The purchaser of a punch pays 5 cents or 10 cents for the opportunity of punching a number from the board, and if he punches a slip bearing one of the numbers entitling him to a prize, or punches the last punch from the board, he receives the article of merchandise or prize designated by the legend on the punch board, push card, or fortune board. If he does not punch one of the prize-winning numbers, or punch the last punch from the board, he does not receive anything for his money, except the right to punch a number from the board. The said articles of merchandise vary in value, but each of said articles of merchandise is of greater value than the cost of a single punch from the said board and the total value of punches contained in the boards is usually considerably in excess of the total value of the articles of merchandise or prizes accompanying said boards. The push cards and fortune boards are merely variations of the principle used in the punch boards.

The said punch boards, push cards, and fortune boards are furnished to retail dealers by respondents when various articles or assortments of merchandise are purchased by said retailers from said respondents; and the said punch boards, push cards, and fortune boards are also furnished by respondents to respondents' jobbers and are given by such jobbers to retail dealers who purchase various articles or assortments of respondents' merchandise from said jobbers. These articles of merchandise are displayed by the retail dealers, together with the aforesaid punch board, push card, and fortune board; and the articles of merchandise are sold to the purchasing public by said retail dealers by means of the said punch board, push card, and fortune board. In some cases the said merchandise is assembled upon a display board separate and apart from the aforesaid punch board, push card, and fortune board; in other cases the merchandise is assembled on the punch board furnished by the respondents. In other instances the merchandise sold by the respondents is displayed on a display board, together with the punch board, push card, or fortune board furnished by the respondents, and in addition to the merchandise bought from respondents, the retail dealer distributes other merchandise not purchased from respondents, by means of trade credits.

The retail dealers who sell the said articles or assortments of merchandise to the public by means of said punch boards, push cards, and fortune boards thereby sell or distribute said articles or assortments of merchandise wholly by lot or chance.

PAR. 3. Respondents furnish the said punch boards, push cards, and fortune boards with the articles or assortments of merchandise purchased by such wholesale dealers or jobbers from respondents, with the knowledge that the same are to be resold to retail dealers as assembled or packed by respondents.

Said punch boards, push cards, and fortune boards are designed and intended to be used by retail dealers for the distribution of merchandise to the public in accordance with the method described.

PAR. 4. In the stipulation as to the facts entered into in this case it was agreed by the parties thereto that the statutes of the several States relating to the distribution of the articles of merchandise by lot or chance might be used by, quoted from, or otherwise referred to by the parties to said stipulation without objection because of the failure of formally offering and proving said statutes.

The Commission finds that the sale and distribution of merchandise by lot or chance is against the statutes and public policy of many of the several States of the United States and some of said States have laws making the operation of lottery and gaming devices penal offenses.

PAR. 5. When the articles or assortments of merchandise sold and distributed by these respondents are displayed by the retail dealers along with said punch boards, push cards, and fortune boards, or variations thereof, a number of the consuming public are induced to purchase punches or chances from said punch boards, push cards, and fortune boards with the desire, hope, and expectation of obtaining an article of merchandise or prize for an expenditure of 5 or 10 cents, depending upon the price of a punch or chance; a number of the purchasing public who desire an article of merchandise sold by means of said punch boards, push cards, and fortune boards purchase punches or chances in the hope and expectation of obtaining the article of merchandise so desired at a price of 5 or 10 cents, depending upon the price of a punch or chance; a number of the public purchase punches or chances from said punch boards, push cards, and fortune boards without any particular desire or wish for the merchandise, but just for the privilege of engaging in a game of chance; and a great number of the consuming public continue to purchase punches from said boards until said articles or assortments of merchandise are fully and completely distributed.

PAR. 6. In the sale and distribution of their merchandise to jobbers and wholesale dealers and direct to the retailers, respondents are in competition with the manufacturers and jobbers of similar merchandise throughout the United States. Many of said manufacturers and jobbers sell and distribute such merchandise to whole-

sale dealers and jobbers and retail dealers and do not furnish with such merchandise punch boards, push cards, and fortune boards, nor employ the means and methods of sale used by respondents as hereinabove set forth.

The manufacturers and jobbers who do not furnish punch boards, push cards, and fortune boards for use in selling and distributing their merchandise through retail dealers have various reasons for not furnishing such punch boards, push cards, and fortune boards, among such reasons being the following:

1. That they believe that it is against the laws of the several States of the United States to use such paraphernalia or devices in the distribution of merchandise and such manufacturers or jobbers do not care or do not desire to be a party to such transactions.

2. That they believe that it is not good for the merchandising industry to undertake the merchandising of a chance and that the sale of merchandise by this method constitutes the merchandising of a chance.

3. That they believe that it is not good business for a small number of customers to be winners and a much larger number of customers to be losers. For example, by the use of exhibit no. 3 there would be 300 customers, of which only 6 would obtain anything of value for their purchase; that they believe that the use of such sales methods will not create permanent business, but will react to the detriment of the merchandising industry as a whole.

4. That they believe that the use of such sales methods is morally bad and encourages not only the adults but the child to take a chance.

5. That they believe that reliable manufacturers and distributors and jobbers should not be compelled to adopt such sales methods in order to meet competition.

6. That they believe that if such methods of merchandising were allowed to continue it would gradually go further and further toward gambling and that such manufacturers, distributors, and wholesalers are not in the gambling business but are in the merchandising business.

Many manufacturers, distributors, and jobbers who hold a part or all of the above-recited views feel that their business is being affected and is suffering by reason of the use of the sales methods heretofore described, but that notwithstanding their loss of business and the serious effect such sales methods are having on their business, they are unwilling to adopt such methods because of their above-recited objections to the use of such sales methods.

Many retail dealers purchase punch boards, push cards, and fortune boards without purchasing merchandise, for the purpose of

using such punch boards, push cards, and fortune boards in the distribution of merchandise sold by such retail dealers, but not furnished to such retail dealers by these respondents.

Because of the element of chance involved in the distribution of merchandise by retail dealers through the use of said punch boards, push cards, and fortune boards and because of the appeal which such sales methods have to a portion of the general or consuming public, many wholesale and retail dealers in such merchandise, however, prefer to and do purchase merchandise from respondents rather than from those distributors who do not use the method of distribution heretofore described.

PAR. 7. The use by respondents of the method of sale and distribution of merchandise described herein results in a diversion of trade to respondents from competitors of respondents, who do not employ such a method or means of sale and distribution of their merchandise.

PAR. 8. The distribution of respondents' products by the retail dealer through the use of the above-described plans or methods constitutes the selling of a chance rather than or as well as the merchandising of respondents' products.

PAR. 9. The sale by the respondents of the articles or assortments of merchandise and the furnishing by respondents to the jobbers and wholesale and retail dealers of the punch boards, push cards, and fortune boards is an absolute sale; and respondents have no control whatever over the method of resale of their merchandise by either the retail or wholesale dealers or the jobbers to whom respondents sell said merchandise.

PAR. 10. The gross sales of respondents, trading under the name A. S. Douglass & Co., in the calendar year 1927, were \$42,227.30; in 1928, were \$48,679.40; in 1929, were \$37,107.19; and in 1930, were \$36,132.61.

The gross sales of respondent, trading under the name Lincoln Sales Co., in 1927, were \$128,366.94; in 1928, were \$68,246.14; in 1929, were \$70,131.78; in 1930, were \$52,519.77.

The sales by respondents, trading under the name A. S. Douglass & Co., and under the name Lincoln Sales Co. of merchandise with which punch boards, push cards, and fortune boards were furnished, amount to approximately 50 percent of respondent's total gross sales.

Pursuant to the stipulation certain exhibits were initialed by the parties and were made a part of the record of this case. These exhibits consist of two catalogs (exs. 1 and 2), and a punch board, a push card, and a fortune board (exs. 3, 4, and 5, respectively).

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The catalogs fully describe the merchandise of the respondents and also rather fully explain the merchandising methods of the respondents. The last three exhibits illustrate the principle involved in the disposing of merchandise by such methods, although there are numerous variations in details as to arrangements of such devices.

PAR. 11. The catalog of the respondents (Com. Ex. 1) on the inside cover has this statement: "We are the pioneer of the sales stimulator or sales board assortment business, having originated and designed this novel and effective method of selling high grade merchandise." The respondents' business is the selling of merchandise. The furnishing of punch boards, push cards, and fortune boards to retail dealers in connection therewith is the respondents' method of competing against other manufacturers and distributors of similar merchandise. The sale of assortments of merchandise and the furnishing of punch boards or similar devices with said assortments so assembled that they can be sold by means of the punch boards, or similar devices, without rearrangement or readjustment is illegal in practically all States of the United States.

CONCLUSION

The acts and practices of the said respondents, under the conditions and circumstances described in the foregoing findings of fact are and have been all to the injury and prejudice of the public and have a natural tendency to, and do, suppress competition in the sale of merchandise in interstate commerce and are to the injury and prejudice of respondents' competitors and are unfair methods of competition in interstate 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 upon the entire record, including the complaint of the Commission, the answer of the respondents thereto, the stipulation as to the facts agreed upon and approved, and the briefs and arguments of counsel for the parties hereto, and the Commission having made its findings as to the facts with its conclusion that said respondents have been and are violating the provisions of section 5 of the act of Congress entitled "An act to create a

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Federal Trade Commission, to define its powers and duties, and for other purposes," approved September 26, 1914.

It is now ordered, That respondents A. S. Dougliis and David Helfinbein, individually and as copartners trading as A. S. Dougliis & Co. and Lincoln Sales Co., and each of them, their agents, representatives, servants, employees, and successors in business, in connection with the sale and distribution of merchandise in interstate commerce, cease and desist:

1. From selling and distributing to jobbers and wholesale dealers, for resale to retail dealers, and to retail dealers direct, merchandise or assortments of merchandise so arranged or assembled that final sales of such merchandise to the general public are to be made or promoted by means of a lottery or gaming device.

2. From supplying to or placing in the hands of wholesale dealers and jobbers and retail dealers punch boards, push cards, or fortune boards in connection with the sale by respondents of merchandise or assortments of merchandise.

3. From supplying to or placing in the hands of wholesale dealers and jobbers and retail dealers, punch boards, push cards, or fortune boards, or other lottery or gaming device, for the purpose of enabling retail dealers to resell merchandise purchased from respondents to the consuming public by means of said punch boards, push cards, fortune boards, or other lottery or gaming device.

It is further ordered, That said respondents shall within 60 days of the service upon them of a copy of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with the order to cease and desist hereinbefore set forth.

Complaint

IN THE MATTER OF

BEACON MANUFACTURING COMPANY

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

Docket 1873. Complaint, Nov. 3, 1930—Decision, June 28, 1932

Where a corporation engaged in manufacture of colored blankets patterned after the design of the American Indian, hand-made blanket, and in sale thereof to retail dealers under such distinguishing grade names as "Wigwam," "Sachem," etc., supplied said dealers with window display "cut-outs" for their use in depicting an Indian, with its so-called Beacon blanket, in said dealers' window displays, in act of weaving such a blanket on an Indian loom, and in various characteristic Indian scenes with such blankets, together with such descriptive captions as "Beacon Blankets," "Beacon Indian Blankets," "The Pueblo Marriage," "The Pueblo Indian announces his marriage by slipping his blanket around his mate," and thus supplies said dealers with the means of deceiving persons into believing such blankets to be genuine Indian made blankets, and trespassed upon the rights of the sellers of such blankets, to their prejudice and injury and that of the Indian makers and sellers thereof, and the substantial industry therein established by them:

Held, That such acts and practices were to the prejudice of the consuming public and Indian makers and sellers of the genuine Indian made blanket, and constituted unfair methods of competition.

Mr. Henry C. Lank for the Commission.

Hinckley, Allen, Tillinghast, Phillips & Wheeler, of Providence, R.I., for respondent.

SYNOPSIS OF COMPLAINT

Reciting its action in the public interest, pursuant to the provisions of the Federal Trade Commission Act, the Commission charged respondent, a Massachusetts corporation engaged in the manufacture of blankets, shawls, bath robes and other similar napped fabrics, and in the sale and distribution thereof among various States, and with mills in New Bedford, Mass., and Swannanoa, N.C., and executive officers in New Bedford and salesrooms in New York and Chicago, with advertising falsely or misleadingly and misbranding or mislabeling as to nature of manufacture of product, in violation of the provisions of section 5 of such act, prohibiting the use of unfair methods of competition in interstate commerce.

Respondent, as charged, engaged as aforesaid, in its catalogs describes certain blankets not made by American Indians, but made, woven, or knit by machinery in mills or factories as "Indian Blankets", "Ombre Indian Blankets", "Wigwam Blankets",