

IN THE MATTER OF
SOUTHERN CALIFORNIA LAUNDRY OWNERS
ASSOCIATION ET AL.

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

Docket 1954. Complaint, May 26, 1931—Order, Sept. 21, 1932

Consent order requiring respondents to cease and desist from—

- (a) "Uniting or cooperating in a common course of action among themselves or among themselves and with others in a combination to prevent and restrain manufacturers of laundry machinery, equipment and supplies from freely selling and transporting their respective products or causing the same to be transported, from the various respective States of the manufacture thereof, to laundry owner customers located in California, not members of respondent associations or either of them"; and, pursuant to said combination, to cease and desist from—
- (b) "Using boycott, threats of boycott, either with or without other coercive methods, to persuade, induce, or compel said described manufacturers or any of them to refrain from selling said described customers or any of them, or to refrain from so selling except on unfair, discriminatory or prohibitive terms and conditions fixed by respondents;
- (c) "Seeking or obtaining information of sales, proposed sales or contracts for the sale by said described manufacturers of said products to the above described customers or any of them, in the furtherance of the said described combination;
- (d) "Persuading, inducing, or compelling said described manufacturers to break or cancel their contracts for the sale of their said products to the said described customers, or any of them, and from attempting so to do; and
- (e) "Using other cooperative and coercive means to carry out or make effective their said described combination."

Mr. Eugene W. Burr for the Commission.

Chapman & Chapman, of Los Angeles, Calif., for respondents, with whom appeared *Nichols, Cooper & Hickson*, of Pomona, Calif., for respondent J. L. Cathcart, individually and as member of executive committee of Southern California Laundry Owners Association.

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 each and all the parties 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 section 5 of said act, and states its charges in that respect as follows:

PARAGRAPH 1. Respondent, Southern California Laundry Owners Association, is a voluntary unincorporated association of approximately one hundred individuals, partnerships, and corporations, as members, engaged in the laundry business with their respective places of business in the southern portion of the State of California, said members being banded together for the purpose of promoting their common interests and business affairs.

The officers of the respondent association are the following respondents who represent the members named:

J. F. Springer, president, Glendale Laundry, Glendale, Calif.

Gerald Beck, vice president, Softwater Laundry, Long Beach, Calif.

William Rattray, secretary, Beach Laundry, Venice, Calif.

G. A. Miller, treasurer, Troy Laundry, Los Angeles, Calif.

The following individual respondents are members of the executive committee of said association, which has charge of the conduct and management of the affairs of such association, and who are elected by the active members of the said association from their number in the various sections of the territory covered by said association:

John Morris, Home Service Co., Los Angeles, Calif.

J. A. Bryant, Highland Laundry, Los Angeles, Calif.

J. B. Leaman, American Laundry, Los Angeles, Calif.

W. L. Stevens, Crown Laundry, Los Angeles, Calif.

E. M. Goveia, California Laundry, Los Angeles, Calif.

E. Enfield, Southland Home Laundry, Los Angeles, Calif.

S. H. White, White's Laundry, Huntington Beach, Calif.

Al Davis, Balboa Laundry, San Diego, Calif.

E. S. Cochran, Redlands, Calif.

J. L. Cathcart, Southern Service Co., Pomona, Calif.

R. B. Young, Mission Laundry, Pasadena, Calif., and the four said officers of the said association, Messrs. Springer, Beck, Rattray, and Miller.

Respondents, L. F. Caswell, president of respondent Peerless Laundry Services, Inc., J. B. Leaman, president of respondent American Laundry Co., E. J. Campbell, president of respondent Blue Bird Laundry Co., and William H. White, are individuals who have been leaders in the activities of said associations, Respondents Caswell and Leaman having served as president, Respondent Campbell having served as chairman of an important committee and William H. White having served as general manager.

Respondents, Peerless Laundry Services, Ltd., American Laundry Co., Blue Bird Laundry, Troy Laundry, Community Laundry, and Glendale Laundry, are corporations with their respective offices and principal places of business located in the city of Los Angeles, State of California, except the Glendale Laundry which has its principal place of business in Glendale in said State, and all are active members of said respondent association. The number of members of said association varies from time to time by the dropping out of old members and the addition of new members, so that it is impracticable at any given time to name as parties respondent, and bring before the Commission herein, each and all of the members of said association without manifest inconvenience and delay; wherefore, the officers of said association, made respondents herein individually, and as members of said executive committee, and the respective members of the executive committee, made respondents herein individually and as members of such committee, and the corporations herein named as members of said association, are now made respondents as representing each and all the said members of said association.

Respondent, Los Angeles Laundry Owners Association, is a voluntary unincorporated local association of individuals, partnerships and corporations engaged in the laundry business with their principal place of business located in the city of Los Angeles, State of California, organized and conducted by the officers and the executive committee of said respondent, Southern California Laundry Owners Association, in order to more effectively carry out the plans and activities of said respondent, Southern California Laundry Owners Association, as more particularly hereinafter described, in the city of Los Angeles, State of California.

PAR. 2. Said respondent members, named and described in paragraph 1 hereof, purchase laundry machinery, equipment, and supplies used by them in the conduct of their business directly and immediately from manufacturers and producers thereof, located for the most part in States other than the State of California, and said manufacturers and producers ship the goods so purchased from their respective places of business in such other States, to said members in the State of California. Said respondent members in the course and conduct of their businesses are in competition with other individuals, partnerships, and corporations also engaged in the laundry business in southern California, who are not members of respondent association, and who likewise purchase laundry machinery, equipment, and supplies directly and immediately from manufacturers and producers thereof located for the most part in States other than

the State of California, and who cause the goods so purchased to be transported from the respective places of business of said manufacturers and producers in other States to said competitors located in the State of California.

PAR. 3. For about 2 years last past said respondent members have united in a common course of action and have cooperated and confederated together, and with others, under the leadership of the individual respondents named herein, and the said officers and members of the executive committee of said respondent associations, in a conspiracy to prevent said competing laundry owners mentioned in paragraph 2 hereof, from obtaining laundry machinery, equipment, and supplies, directly from the aforesaid manufacturers and producers thereof; to fix and establish uniform prices at which said members of respondent associations would perform certain laundry services for the public and to prevent said competing laundry owners from performing such services at less prices. To carry out the aforesaid conspiracy, respondent members led by the respective officers and committees of respondent associations have performed, among others, the following acts and things:

(a) Fixed and established by agreement uniform schedules of prices and rules pursuant to which said members shall perform certain laundry services for the public, and abided by, maintained and adhered to said uniform prices and rules;

(b) Held meetings for the interchange of information concerning, and the discussion and adoption of plans and measures for the carrying out of said agreement described in subparagraph (a) hereof;

(c) Notified aforesaid manufacturers and producers of laundry machinery, equipment, and supplies of said agreement described in subparagraph (a) hereof, and sought to, and did induce and procure cooperation of said manufacturers and producers in the enforcement thereof;

(d) By threats of boycott, by boycott, and other coercive methods sought to and did persuade, induce, and compel many aforesaid manufacturers and producers to sell laundry machinery, equipment, and supplies to the said members of respondent associations only, and to refrain from selling said products to other laundry owners who are not members of said associations;

(e) Sought for and ascertained information of sales, or proposed sales, by aforesaid manufacturers to aforesaid competing laundry owners not members of said associations, and thereupon by threats of boycott, by boycott, and other coercive methods sought to and did persuade and induce and compel such manufacturers to refrain

Complaint

17 F.T.C.

from selling and supplying products to such laundry owners in the future, except on terms and conditions fixed by said respondents, which are unfair, discriminatory, and prohibitive;

(f) Sought for and secured the names of said laundry owners not members of said associations who have entered into contracts with the aforesaid manufacturers and producers to purchase laundry machinery, equipment or supplies, and thereupon by threats of boycott, by boycott, and other coercive methods sought and did persuade, induce, and compel such manufacturers and producers to break or cancel said contracts and thereafter to refuse to carry out the same;

(g) Used other cooperative and coercive means to carry out and make effective their aforesaid conspiracy.

PAR. 4. The above alleged acts and things done by respondents named herein have tended, and still tend to, and did, and now do, close and curtail certain of the outlets, within the State of California, for the direct and immediate sale by manufacturers and producers in other States, of goods shipped by them into said State; to interfere with such interstate commerce by preventing individuals, partnerships, and corporations engaged in the laundry business in southern California who are not members of respondent associations from purchasing laundry machinery, equipment, and supplies from said manufacturers and producers located in States other than the State of California and by eliminating from said interstate commerce the manufacturers who formerly sold, and who would, but for the above alleged acts and practices of said respondents, now sell to said individuals, partnerships, and corporations engaged in the laundry business in southern California; who are not members of respondent associations, and by restricting said interstate commerce to such manufacturers who do cooperate with the said respondents as hereinbefore described, and set out, and thus to obstruct the natural flow of commerce in the channels of interstate trade; wherefore said acts and practices of respondents are all to the prejudice of the public and of the competitors of members of respondent associations, and of manufacturers and producers not cooperating with said respondents in carrying out their said conspiracy, and constitute unfair methods of competition in interstate commerce within the meaning and intent 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.

ORDER TO CEASE AND DESIST

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 on May 26, 1931, issued its complaint against the respondents named in above title, and caused the same to be served upon said respondents as required by law, in which complaint it is charged that respondents have been and are using unfair methods of competition in interstate commerce in violation of the provisions of section 5 of said act.

On or about June 22, 1932, various respondents filed four certain answers to the charges of the said complaint. Subsequent thereto the Commission appointed an examiner to receive evidence in support of the said complaint and in support of the said respective answers. Thereafter on July 25, 1932, respondents jointly applied to the Commission for leave to withdraw their four said respective answers and for leave to file a joint and several, substitute answer, submitted with their said application whereby, pursuant to Rule III, subdivision (2) of the Rules of Practice of the Commission, they waived hearing on the charges set forth in the said complaint and gave their consent that the Commission make, enter and serve upon the respondent an order to cease and desist from the violations of law alleged in the said complaint.

It is now ordered, That the respondents above named shall cease and desist from uniting or cooperating in a common course of action among themselves or among themselves and with others in a combination to prevent and restrain manufacturers of laundry machinery, equipment, and supplies from freely selling and transporting their respective products or causing the same to be transported, from the various respective States of the manufacture thereof, to laundry-owner customers located in California, not members of respondent associations or either of them; and

It is further ordered, That respondents shall cease and desist from the employment of each of the following practices, in pursuance of the combination hereinabove described, namely:

(a) From using boycott, threats of boycott, either with or without other coercive methods, to persuade, induce or compel said described manufacturers or any of them to refrain from selling said described products to the above described customers or any of them, or to refrain from so selling except on unfair, discriminatory, or prohibitive terms and conditions fixed by respondents;

(b) From seeking or obtaining information of sales, proposed sales or contracts for the sale by said described manufacturers of said products to the above described customers or any of them, in the furtherance of the said described combination;

(c) From persuading, inducing, or compelling said described manufacturers to break or cancel their contracts for the sale of their said products to the said described customers, or any of them, and from attempting so to do; and

(d) From using other cooperative and coercive means to carry out or make effective their said described combination; and

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

Complaint

IN THE MATTER OF
JEFFREY JEWELRY COMPANYCOMPLAINT AND ORDER IN REGARD TO THE ALLEGED VIOLATION OF SEC. 5
OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914*Docket 2004. Complaint, Feb. 2, 1932—Order, Sept. 21, 1932*

Consent order requiring respondent, its agents, etc., in connection with sale in interstate commerce of jewelry, not made by hand by American Indians to cease and desist representing same as so made through the words "Indian" or "Navajo", or any other words, markings or labeling, or otherwise.

Mr. Eugene W. Burr for the Commission.

Mr. Frank S. Righeimer, 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 Jeffrey Jewelry Co., a corporation, hereinafter referred to as respondent, has been and is now 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, Jeffrey Jewelry Co., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Illinois with its factory and principal place of business located in the city of Chicago, in the State of Illinois. Respondent is now and for more than one year last past has been engaged in the manufacture of jewelry and in the sale and distribution of said jewelry in commerce between and among various States of the United States. Respondent causes its said products when sold to be shipped from its place of business in the State of Illinois to purchasers thereof located in a State or States of the United States other than the State of Illinois. In the course and conduct of its business, the respondent was at all times herein referred to in competition with other corporations and with individuals, firms, and partnerships engaged in the sale and distribution in interstate commerce of similar products.

PAR. 2. There are in the United States tribes of Indians, including especially the Navajo Indians in Arizona, who manufacture jewelry of special design designated as "Indian" or "Navajo" jewelry, which jewelry is sold to the trade and the public under such designa-