

Complaint

IN THE MATTER OF

MAX MANDEL AND DAVID M. WOLFSON, COPARTNERS
TRADING AS WOLFSON TRADING COMPANY

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

Docket 2179. Complaint, May 10, 1934—Order, Dec. 13, 1934

Consent order requiring respondents, its agents, etc., in connection with the sale or distribution of military uniforms or military equipment in interstate commerce or in the District of Columbia or in any Territory, to cease and desist from directly or indirectly making or causing to be made, in catalogs, advertising matter, or by any other means, any representations, statements, or assertions to the effect that—

- (a) The cut or design of any such military uniforms or equipment is or has been produced by leading designers of military uniforms or military equipment, unless the cut or design thereof has in fact been produced by leading designers of such military uniforms or military equipment; or that—
- (b) Tailoring in any such uniforms or equipment is or has been done by hand, when the tailoring or making thereof is not or has not been by hand in all parts and operations, except the sewing of the seams and edges of such garments.

Mr. Henry Miller for the Commission.

Mr. Abraham Mandel, of New York City, for respondents.

COMPLAINT

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, having reason to believe that Max Mandel and David M. Wolfson, copartners trading as Wolfson Trading Company, hereinafter referred to as the respondents have been and are using unfair methods of competition in commerce, as "commerce" is defined in said act, and it appearing to said Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondents Max Mandel and David M. Wolfson are copartners trading under the name and style of Wolfson Trading Company, with their principal place of business in the City of New York, State of New York. They are now and for more than two years last past have been engaged in the manufacture of military uniforms and military equipment and in the sale thereof between

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and among the various States and Territories of the United States and the District of Columbia. The said respondents cause such military uniforms and military equipment when sold by them to be transported from their place of business in New York City, N. Y., to the purchasers thereof in the State of New York and in various other States of the United States, the Territories thereof and the District of Columbia, and there is now and has been at all times hereinafter mentioned, a constant current of trade and commerce by the said respondents in such military uniforms and military equipment between and among the various States of the United States, the Territories thereof and the District of Columbia. Said respondents are now and have been at all times hereinafter mentioned, in substantial competition with other partnerships and with corporations, firms, and individuals engaged in the sale and distribution in interstate commerce of military uniforms and military equipment.

PAR. 2. In and by its catalogs distributed by the said respondents by mail throughout the United States, the said respondents now represent, and for more than two years last past have represented, that the cut and design of its military uniforms have been produced by leading designers of military uniforms and that the tailoring in such uniforms is expertly done by hand, when in truth and in fact neither the cut nor the design of such uniforms has been produced by any leading designer or by any designer of military uniforms employed by or associated with respondent, but are of standard and usual cut and design, and when in truth and in fact the tailoring in such uniforms is not done by hand. The aforesaid misrepresentations have had and still have the capacity and tendency (1) to mislead and deceive purchasers and prospective purchasers into the beliefs that the cut and design of the military uniforms sold by the respondents have been produced by leading designers of military uniforms employed by or associated with respondents, and that the tailoring in such uniforms is done by hand, and (2) to induce purchasers and prospective purchasers of military uniforms and military equipment to purchase the same from the respondents in such beliefs. By such misrepresentations trade is diverted to respondents from respondents' competitors and thereby substantial injury is done by respondents to substantial competition in interstate commerce.

PAR. 3. The above alleged acts and things done by respondents are all to the injury and prejudice of the public and the competitors of respondents in interstate 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.

ORDER TO CEASE AND DESIST

This proceeding coming on for final hearing by the Federal Trade Commission upon the record, including the complaint of the Commission issued under Section 5 of the Act of Congress approved September 26, 1914, entitled "An Act to create a Federal Trade Commission, to define its powers and duties, and for other purposes", and respondents' substitute answer that respondents, desiring to conclude the proceeding without further expense and desiring to waive hearing and not to contest the proceeding, waive hearing on the charges set forth in the complaint, refrain from contesting the proceeding, and, pursuant to the provisions of the Rules of Practice of the Federal Trade Commission with respect to answers, consent that the Commission may make, enter, and serve upon respondents, without a trial, without evidence, and without findings as to the facts or other intervening procedure, an order to cease and desist in the terms and subject to the conditions set forth in said substitute answer; and said substitute answer having been accepted by the Commission; and the Commission having duly considered the matter and being advised in the premises, thereupon:

It is now ordered, That, in the course of or in connection with the sale or distribution of military uniforms or military equipment in interstate commerce or in the District of Columbia or in any territory of the United States, respondents, Max Mandel and David M. Wolfson, their agents, representatives, servants, and employee cease and desist from directly or indirectly making or causing to be made in catalogs, advertising matter, or by any other means, any representations, statements, or assertions to the effect (a) that the cut or design of any such military uniforms or equipment is or has been produced by leading designers of military uniforms or military equipment, unless the cut or design thereof has in fact been produced by leading designers of such military uniforms or military equipment; or (b) that the tailoring in any such uniforms or equipment is or has been done by hand, when the tailoring or making thereof is not or has not been by hand in all parts and operations except the sewing of the seams and edges of such garments.

It is further ordered, That respondents, Max Mandel and David M. Wolfson, shall, within 60 days after 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 hereinabove set forth.

IN THE MATTER OF
GLOBE AUTOMATIC SPRINKLER COMPANY OF
PENNSYLVANIA

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

Docket 2155. Complaint, Jan. 20, 1934—Decision, Dec. 18, 1934

Where a corporation engaged throughout the United States in, (1) sale to customers of automatic fire extinguishing apparatus made by it, including (a) tanks, pipes, valves, hangers, and other supports usually referred to as "materials" or "equipment" and, (b) automatic sprinkler heads, automatic valves, water motors, exhausters, and other accessories usually referred to as "devices", and also in, (2) installation of complete automatic fire extinguishing systems, in competition with, (a) some five to seven manufacturers who made both "materials" and "devices" and whose principal business consisted in installation of such complete systems, and (b) some eight or nine manufacturers who made "devices" only and whose business consisted either exclusively or principally in the sale thereof, and who, unlike said manufacturers first referred to, found a market for their products, under long established custom in the industry, through local contractors or "licensees" with whom they had contracts running for periods of years, in some cases, and, in other cases, for an indefinite term, pursuant to which contracts such licensees used only the "devices" of the particular manufacturer—

Quoted and offered "licensees" of aforesaid competitors, last referred to, over a period of some twelve months, prices which were from 40 percent to 50 percent lower than those prevailing for similar competitive devices, which were correspondingly lower than the prices it was quoting its own licensees, and which represented approximately said competitors' cost of production, and thereby compelled them to sell at prices which did not yield them a reasonable profit; with intent and effect of prejudicing and injuring said competitors, and suppressing competition through tending to cause said competitors' licensees to violate their contracts with their respective manufacturers, its competitors, and thereby deprive them of their principal market for their products, and through compelling such competitors to reduce their prices to their licensees below a level yielding a reasonable profit, in order to meet the prices thus quoted by it:

Held, That such practice, under the circumstances set forth, constituted an unfair method of competition, to the prejudice of the public.

Mr. Robt. N. McMillen for the Commission.

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 Globe