

Syllabus

21 F. T. C.

IN THE MATTER OF
THE LINEN SUPPLY ASSOCIATION OF THE DISTRICT
OF COLUMBIA, ET AL.

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

Docket 2256. Complaint, Dec. 10, 1934—Order, Dec. 13, 1935

Where an association, which included a large majority of the concerns engaged in supplying linen coats, towels, table and other linen in the District of Columbia, and which, at the time of its organization, adopted and ratified the previous action of the Linen Supply Stabilization Committee of the Linen Supply Group, composed of various concerns and individuals in said industry and section, directed to increasing charges to customers and taking other steps to limit prior competition among the various members and businesses involved, and which included an arbitration committee with power to penalize members for infraction of its rules and regulations; and the officers of said Association and the individual member concerns belonging thereto; in pursuance of said combination to suppress competition in the business concerned in the District of Columbia and nearby Virginia and Maryland through fixing uniform prices—

- (a) Agreed to and did allocate customers among the members and agreed not to solicit the business or acquire a customer of another member except by and with latter's consent, and to refuse to permit a customer of one member to transfer business to another except with consent of former or approval of the aforesaid committee, and abided by such agreements, and agreed upon and arbitrarily fixed uniform prices, discounts, and terms and conditions of sale, distribution, and delivery of products involved in territory in question, and abided thereby, and otherwise controlled the business of the individual members;
- (b) Agreed to inform and did inform their secretary of contemplated changes in prices, discounts, etc., sufficiently in advance of their effective date to enable him to advise the other members of such contemplated changes in order that they might put the same into effect;
- (c) Took action through correspondence among themselves, association meetings, and their secretary to rearrange prices, discounts, terms and conditions in a manner agreeable to all, and revised their aforesaid uniform prices, etc., from time to time through association meetings and otherwise, but in such a manner that they remained uniform, and supplied a copy of such uniform prices, etc., to each association member through their said secretary, who compiled lists thereof; and
- (d) Agreed to provide and provided for fining, and did fine, association members who disregarded price lists distributed among them, solicited customers of other members, or violated other association rules and regulations agreed upon by such members;

With the result that competition in the business concerned and territory involved was suppressed, free flow of such products in the channels of commerce was hindered and obstructed, and there were denied to dealers

Complaint

and users of said products in said territory those advantages in price and otherwise which they would obtain under normal and unobstructed competition:

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

Before *Mr. Robert S. Hall*, trial examiner.

Mr. John L. Hornor for the Commission.

Colladay, McGarraghy, Colladay & Wallace, of Washington, D. C., and *Mr. Julius H. Wyman* of Baltimore, Md., for respondents.

COMPLAINT

Pursuant to the provisions 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, the Federal Trade Commission, having reason to believe that The Linen Supply Association of the District of Columbia, and William Stanley Taylor, Edward O. Craig, and George N. Walker, its officers; and Frank C. Davis, Stephen J. Demas, Richard E. Vincent, Arthur Zinnamon, Jr., and Angelo Papachrist, its directors; and Capitol Towel Service Company, a corporation; C & C Coat, Towel & Apron Supply Company, a corporation; Atlas Manufacturing & Servicing Corporation, a corporation; Elite Laundry Company of Washington, D. C., Inc., a corporation; Ben E. Singer and Joseph L. Fradkins, partners doing business under the firm name and style of American Linen Supply Company; Eugene Kahn doing business under the name of Kahn Coat & Apron Supply Company; Ellis P. Eilbeck doing business under the name of Keep Clean Coat & Apron Supply; Metropolitan Coat & Apron Supply Company, a corporation; National Laundry Company, Inc., a corporation; Robert L. Cosgriff doing business under the name of Penn Coat & Apron Supply; Angelo Papachrist doing business under the name of Quick Service Laundry Company; New Coat, Apron & Towel Supply Company, a corporation; Standard Linen Supply & Laundry Company, a corporation; and Tolman Laundry, a corporation; hereinafter referred to as respondents, have been and are using unfair methods of competition in commerce, as "commerce" is defined in said act; and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, states its charges in that respect as follows:

PARAGRAPH 1. Respondent The Linen Supply Association of the District of Columbia is a voluntary trade association with its place of business within the District of Columbia. Its officers are, and

Complaint

21 F. T. C.

for some time past have been, William Stanley Taylor, President, Edward O. Craig, Judge Advocate and Treasurer, and George N. Walker, Secretary. Its directors are, and for some time past have been, Frank C. Davis, Stephen J. Demas, Richard E. Vincent, Arthur Zinnamon, Jr., and Angelo Papachrist. Its membership consists, and for more than a year last past has consisted, of the other individual and corporate respondents hereinbefore named.

PAR. 2. Respondents C & C Coat, Towel & Apron Supply Company and Metropolitan Coat & Apron Supply Company are corporations organized and existing under and by virtue of the laws governing the District of Columbia. Respondent Capitol Towel Service Company is a corporation organized and existing under and by virtue of the laws of the State of Maryland. Respondents Elite Laundry Company of Washington, D. C., doing business also under the trade name Elite Linen Supply, and Standard Linen Supply & Laundry Company are corporations organized and existing under and by virtue of the laws of the State of Virginia. Respondents National Laundry Company, Inc., and New Coat, Apron & Towel Supply Company, doing business also under the trade name Rainbow Coat & Apron Supply, are corporations organized and existing under and by virtue of the laws of the State of Delaware.

PAR. 3. Respondent Eugene Kahn is now, and at all times hereinafter mentioned was, doing business under the trade name Kahn Coat & Apron Supply Company; respondent Ellis P. Eilbeck under the trade name Keep Clean Coat & Apron Supply; respondent Robert L. Cosgriff under the trade name Penn Coat & Apron Supply; and respondent Angelo Papachrist under the trade name Quick Service Laundry Company.

PAR. 4. Respondents Atlas Manufacturing & Servicing Corporation, doing business also under the trade name Atlas Linen Service, and Tolman Lanudary are corporations organized and existing under and by virtue of the laws governing the District of Columbia. Ben E. Singer and Joseph L. Fradkins are partners doing business under the firm name of American Linen Supply Company.

PAR. 5. At all times hereinafter mentioned all of the respondents named in paragraphs 2, 3, and 4 hereof had their respective places of business in the District of Columbia, except Standard Linen Supply & Laundry Company, whose place of business has been at Rosslyn, Va., and all were engaged in the business of supplying, for a consideration, to individuals, firms, and corporations, with places of business within the District of Columbia and in nearby Virginia and Maryland, linen coats, trousers, aprons, frocks, towels, and table and other linens, and at intervals taking up the soiled clothing,

towels and linens and substituting fresh, clean ones. Thereby said respondents created and maintained a constant stream of commerce within the District of Columbia and between the District of Columbia and the States of Maryland and Virginia. Respondents did and do about ninety-eight percent of the linen supply business in the area above outlined.

PAR. 6. At three certain meetings held, respectively, on April 12th, May 13th, and May 18th, of 1933, the respondents named in paragraphs 2 and 3 hereof entered into a combination and conspiracy with the aim and for the purpose of suppressing and preventing all competition among themselves and with and among all persons, firms, and corporations engaged in the linen supply business, described in paragraph 5 hereof, in the District of Columbia and nearby Maryland and Virginia. Thereafter, and, respectively, in June, July, and August, of 1933, the respondents named in paragraph 4 hereof entered into and joined said combination and conspiracy and thereafter cooperated among themselves and with the other respondents to carry on and accomplish the aims and purposes of said combination and conspiracy.

PAR. 7. In entering into and forming said combination and conspiracy, and to accomplish the aims and purposes thereof, the respondents named in paragraphs 2, 3, and 4 hereof, acting with one another and through the instrumentalities of the respondent Association, its officers and directors, did and performed and still do and perform, the following acts and things:

(1) Organized respondent trade association and sought to bring into membership all persons, firms, and corporations engaged in the linen supply business in the District of Columbia and nearby Maryland and Virginia.

(2) Provided for, and elected or otherwise designated, among other officers a president, a judge advocate-treasurer, an arbitration committee and a cost finding committee. It was and is the duty of the president to preside at meetings of the Association and of the directors and to appoint all committees; of the board of directors to act on such matters as may be referred to it by the Association and make recommendations to further the objects of the Association; of the arbitration committee to hear and adjust disputes among the members; and of the judge advocate to entertain and decide appeals from decisions of the arbitration committee. It was and is the duty of the cost finding committee to arrange price schedules and recommend them to the Association for adoption.

(3) Adopted schedules of prices to be charged for their said linen supplies, and disseminated the price list among the members. The

members regularly adhered to and used such price lists in the conduct of their business.

(4) Agreed that no member of the Association would solicit the customers of another member nor quote them prices lower than those at the time being quoted them by the member supplying them. When there was a dispute as to which of two or more contending members was entitled to claim a certain customer, the matter was referred to the arbitration committee and after final decision the unsuccessful contender must refrain from competing for that customer's business.

(5) Agreed upon prices to be bid where competitive bids were called for by a user or prospective user of respondents' linen supplies.

(6) Where a member successfully solicited a customer of another member or otherwise interfered between them, or violated the rules or agreements above set forth, complaint was made to the secretary, who in turn referred the matter to the arbitration committee. The decision of the committee, or of the judge advocate, if on appeal, was enforced by a fine or by judgment of restitution or compensation to the aggrieved member.

(7) Used other and similar methods and means designed to suppress and prevent competition among those engaged in the linen supply business in the area hereinabove outlined.

PAR. 8. The combination and conspiracy so entered into and carried on by said respondents and the acts and things done thereunder and pursuant thereto, as hereinabove alleged, resulted and results in the suppression and prevention of competition between and among them and in the enhancement of prices to the using public; and constitute unfair methods of competition in commerce within the intent and meaning of the Act of Congress above entitled, and is to the prejudice and injury of the public, in that the public is and has been deprived of the benefits of competition that otherwise would have existed and would exist in such industry and trade.

REPORT, FINDINGS AS TO THE FACTS, AND ORDER

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 December 10, 1934, issued and served its complaint in this proceeding upon respondents, The Linen Supply Association of the District of Columbia; William Stanley Taylor, President; Edward O. Craig, Judge Advocate; George N. Walker, Secretary; Frank C. Davis, a Director; Stephen J. Demas, a Director; Richard E. Vincent, a Director; Arthur Zinnamon, Jr., a

Director; Angelo Papachrist, a Director; Capitol Towel Service Company; C. C. Coat, Towel & Apron Supply Company; Atlas Manufacturing & Servicing Corporation; Elite Laundry Company of Washington, D. C., Inc.; Ben E. Singer & Joseph L. Fradkins, partners, doing business under the firm name and style of American Linen Supply Company; Eugene Kahn, an individual, doing business under the firm name and style of Kahn Coat & Apron Supply Company; Ellis P. Eilbeck, an individual, doing business under the firm name and style of Keep Clean Coat & Apron Supply Company; Metropolitan Coat & Apron Supply Company; National Laundry Company, Inc.; Robert L. Cosgriff, an individual, doing business under the firm name and style of Penn Coat & Apron Supply Company; Angelo Papachrist, an individual, doing business under the firm name and style of Quick Service Laundry Company; New Coat, Apron & Towel Supply Company; Standard Linen Supply & Laundry Company, and Tolman Laundry; charging them with the use of unfair methods of competition in commerce in violation of the provisions of said Act. After the issuance of said complaint, and the filing of respondents' answer thereto, testimony and evidence, in support of the allegations of said complaint were introduced by John L. Hornor, attorney for the Commission, before Robert S. Hall, an examiner of the Commission theretofore duly designated by it, and in defense of the allegations of the complaint by Joseph C. McGarraghy and Julius H. Wyman, attorneys for the respondents; and said testimony and evidence was duly recorded and filed in the office of the Commission. Thereafter, the proceeding regularly came on for final hearing before the Commission on the said complaint, the answer thereto, testimony and evidence, briefs in support of the complaint and in defense thereto, and the oral arguments of counsel aforesaid; and the Commission having duly considered the same, and being fully advised in the premises, finds that this proceeding is in the interest of the public, and makes this its findings as to the facts and its conclusion drawn therefrom:

FINDINGS AS TO THE FACTS

PARAGRAPH 1. The respondent, The Linen Supply Association of the District of Columbia, is a voluntary, unincorporated association of individuals, partnerships, and corporations, who, for more than two years last past, have been engaged in the business of supplying and furnishing, for a consideration, to individuals, firms, and corporations, with place of business within the District of Columbia and in nearby Virginia and Maryland, linen coats, trousers, aprons, frocks, towels, and table and other linens. The said members are banded

Findings

21 F. T. C.

together in said association to promote and protect their common interests and business affairs. Respondents William Stanley Taylor and George N. Walker are, respectively, president and secretary of said association; Frank C. Davis, Stephen J. Demas, Angelo Papachrist, Richard E. Vincent and Arthur Zinnamon, Jr. are directors of the said association; Frank C. Davis, Angelo Papachrist and Richard E. Vincent are members of the Arbitration Committee of the said association; and Edward O. Craig is the Judge Advocate of the said association; and they are in charge of administering and conducting its activities and affairs. The members of the said association are as follows:

Respondent C. C. Coat, Towel and Apron Supply Company, a corporation organized and existing under and by virtue of the laws governing the District of Columbia;

Respondent Metropolitan Coat and Apron Supply Company, a corporation organized and existing under and by virtue of the laws governing the District of Columbia;

Respondent Capitol Towel Service Company, a corporation organized and existing under and by virtue of the laws of the State of Maryland;

Respondent Elite Laundry Company of Washington, D. C., Inc., a corporation organized and existing under and by virtue of the laws of the State of Virginia, and doing business also under the trade name Elite Linen Supply Company;

Respondent Standard Linen Supply and Laundry Company, a corporation organized and existing under and by virtue of the laws of the State of Virginia,

Respondent National Laundry Company, Inc., a corporation organized and existing under and by virtue of the laws of the State of Delaware;

Respondent New Coat, Apron and Towel Supply Company, a corporation organized and existing under and by virtue of the laws of the State of Delaware, and doing business also under the trade name Rainbow Coat and Apron Supply Company;

Respondent Eugene Kahn, an individual, doing business under the trade name Kahn Coat and Apron Supply Company;

Respondent Ellis P. Eilbeck, an individual, doing business under the trade name Keep Clean Coat and Apron Supply;

Respondent Robert E. Cosgriff, an individual, doing business under the trade name Penn Coat and Apron Supply Company;

Respondent Angelo Papachrist, an individual, doing business under the trade name Quick Service Laundry Company;

Respondent Atlas Manufacturing and Servicing Corporation, a corporation organized and existing under and by virtue of the laws governing the District of Columbia, and doing business also under the trade name Atlas Linen Service;

Respondent Tolman Laundry, a corporation organized and existing under and by virtue of the laws governing the District of Columbia, and doing business also under the trade name Washington Coat Service;

Respondents Ben E. Singer and Joseph L. Fradkins, partners, doing business under the firm name and style of American Linen Supply Company.

Each of said members named above has, and has had, its or his respective place of business in the District of Columbia, except the Standard Linen Supply and Laundry Company, whose place of business is and has been at Rosslyn, Va., and the said members are in competition with each other, or would be were it not for having entered into a combination in restraint of trade, and each of said members is in direct competition with other individuals, partnerships and corporations similarly engaged. The respondent members of said association represent 14 of the 16 linen supply firms engaged in the industry in the District of Columbia.

PAR. 2. Each of said members supply and furnish, for a consideration linen coats, trousers, aprons, frocks, towels, and table and other linens, to users thereof located in the District of Columbia and in nearby Virginia and Maryland, and causes said linen coats, trousers, aprons, frocks, towels, and table and other linens, when so supplied and furnished, to be transported from their respective places of business in and through the District of Columbia, and into and through the nearby States of Virginia and Maryland to such purchasers located in the District of Columbia and in States other than the States from which such shipments are made.

PAR. 3. At a meeting in Washington, D. C., on May 12, 1933, of dealers in the Linen Supply Company designating themselves as the Linen Supply Group and composed of R. E. Vincent, Capitol Towel Service Company; Frank C. Davis, Elite Laundry Company of Washington, D. C., Inc.; W. Stanley Taylor, Earl Zirkle and Mr. Young, National Laundry Company, Inc.; Arthur Zinnamon, Jr., H. G. Saunders, Standard Linen Supply and Laundry Company; John Paul, George Skiados, Metropolitan Coat and Apron Supply Company; A. Papachrist, Quick Service Laundry Company; Robert J. Doyle, Troy Laundry; Robert L. Cosgriff, Penn Coat and Apron Supply; E. O. Craig, C. C. Coat, Towel and Apron Supply Company; Stephen Demas, Rainbow Coat and Apron Supply Com-

Findings

21 F. T. C.

pany; Eugene Kahn, Kahn Coat and Apron Supply Company, and Ellis P. Eilbeck, Keep Clean Coat and Apron Supply, there was adopted a report of the Linen Supply Stabilization Committee of the Linen Supply Group, which report was ratified at the meeting on May 18, 1933, when the Linen Supply Association of the District of Columbia was duly organized and effected as set forth in paragraph 4 hereof. This report, as ratified by the association, provided that it was imperative to close all jobs for a period of ninety (90) days in order to allow each operator—

(a) To increase the rates to customers at his or its discretion, it being optional whether or not prices on jobs which each member now had should be raised thus eliminating the possibility of jobs so raised changing to another member; and

(b) During the ninety days readjustment period each operator must quote a price of 25¢ on coats and 10¢ on aprons on old jobs.

The report further sets forth that—

(a) Before a customer of one member could move his job to a competing member, the member approached must quote a substantially higher price than being charged at that time;

(b) No member shall take the customer of another member except by the consent of the member now serving the customer;

(c) Dissatisfied customers must be allowed to change, but only on condition that there is a meeting of the operators involved, and, if no agreement can be reached between these members, the matter must be referred to the Arbitration Committee of the said association;

(d) No new customer could be solicited at less than the minimum prices agreed upon.

On July 12, 1933, at a regular meeting of the respondent association, it was agreed to extend the closed job agreement for another period of ninety (90) days.

PAR. 4. On May 18, 1933, respondents William Stanley Taylor, Edward O. Craig, Frank C. Davis, Stephen J. Demas, Richard E. Vincent, Arthur Zinnamon, Jr., Angelo Papachrist, Capitol Towel Service Company, C. C. Coat, Towel and Apron Supply Company, Elite Laundry Company of Washington, D. C., Inc., Eugene Kahn, Ellis P. Eilbeck, Metropolitan Coat and Apron Supply Company, National Laundry Company, Robert L. Cosgriff, Standard Linen Supply and Laundry Company, New Coat, Apron and Towel Supply Company, and others, held an organization meeting of the Linen Supply group in Room 314, Chestnut Farms Building, Washington, D. C., and organized the Linen Supply Association of the District of Columbia, adopting at that time a constitution and by-laws for

the governance of said association, and ratifying the previous actions of the Linen Supply group, all agreeing to abide thereby. At this meeting, after the adoption of a constitution and by-laws, and in accordance therewith, William S. Taylor was duly elected president of the said association. Frank C. Davis, Stephen J. Demas, Angelo Papachrist, Richard E. Vincent, and Arthur Zinnamon, Jr., were duly elected to the Board of Directors of the said association, E. O. Craig was duly elected judge advocate of the said association, Frank C. Davis, Angelo Papachrist, and Richard E. Vincent were duly elected as the Arbitration Committee of said association, and George N. Walker was employed as the secretary of the said association, and these officers have continued to serve as said officers of said respondent association.

PAR. 5. On June 14, 1933, at a meeting of the said association, Robert L. Driscoll, representing the Atlas Manufacturing and Servicing Corporation, was duly elected to membership in the association.

At a meeting of the said association on July 26, 1933, F. W. Mackenzie, Walter F. Brauns, and Rex Henderson, representing Tolman Laundry and the Washington Coat Service, were duly elected as members of the association.

On August 8, 1933, at a regular meeting of the said association, Ben E. Singer and Joseph L. Fradkins, partners, doing business under the firm name and style of American Linen Company, were each duly elected as a member of the said association.

PAR. 6. The respondent members, as set forth in paragraphs 4 and 5, hereof, duly became members of said respondent association, have continued actively as members of said respondent association, are now actually engaged as members thereof and derived the benefits of their respective membership in said respondent Linen Supply Association of the District of Columbia.

PAR. 7. On or about May 18, 1933, the aforesaid combination was entered into with the purpose and intention and effect of suppressing competition in the business of supplying and furnishing, for a consideration, linen coats, trousers, aprons, frocks, towels, and table and other linens, in the District of Columbia and the nearby States of Virginia and Maryland, through fixing uniform prices, discounts, and terms and conditions of sale, distribution and delivery of said products in such territory, and the allocation of customers therein. In order to carry out and effectuate said combination and its purposes respondents, for more than two years last past, have done and still do the following acts and things:

(a) The association operated under a constitution and by-laws which authorized members to submit grievances and complaints in

Findings

21 F. T. C.

writing to the secretary to be dealt with by the Arbitration Committee, who assessed penalties for infraction of the rules and regulations, allowing appeals from the decisions of the Arbitration Committee to be submitted to a judge advocate, whose decisions in regard thereto should be final;

(b) Respondent members agreed upon and arbitrarily fixed uniform prices, discounts, and terms and conditions of sale, distribution and delivery of aforesaid products for and in the territory served by such members, and adhered to and abided by said prices, discounts, terms, and conditions;

(c) Respondent members agreed to, and did inform the secretary of the association of contemplated changes in said prices, discounts, terms, and conditions at a time sufficiently in advance of the time said contemplated changes should go into effect, to enable the secretary to, and he did, by letters, bulletins and other means, advise the other members of said contemplated changes, in order that said other members might, and they did, put such changes into effect;

(d) Respondent members took action through correspondence among themselves, through association meetings, and through the secretary of the association, to rearrange said prices, discounts, terms, and conditions, in a manner agreeable to all;

(e) Respondent members, from time to time, through meetings of the association and otherwise, revised said uniform prices, discounts, terms, and conditions, but in such manner that they remained uniform;

(f) The secretary compiled lists of such uniform prices, discounts, terms, and conditions, and supplied a copy thereof to each member of the association;

(g) Respondent members agreed upon, and did allocate customers to the members, and otherwise controlled the business of individual respondents;

(h) Respondent members agreed not to, and in pursuance of such an agreement obligated themselves not to solicit the business or acquire a customer of another member except by and with the consent of the member then serving the customer;

(i) Respondent members agreed upon, and in pursuance to such agreement, refused to permit a customer of one member to transfer business to another member except with the consent of the first member or with the approval of the Committee for Arbitration; and

(j) Respondent members agreed upon and in pursuance to such agreement made provisions for imposing fines and did impose fines upon the members of said respondent association who did cut the respondent association's price list distributed among respondent members, solicited the customers of other members and violated other

rules and regulations of the respondent association which has been agreed upon by the respondent members of the respondent Linen Supply Association of the District of Columbia.

PAR. 8. The effect and result of said combination, and the acts and things done by respondents to carry out and effectuate the same, as hereinbefore set out, has been and now is to suppress competition in the supplying, furnishing, and distribution of linen coats, trousers, aprons, frocks, towels, and table and other linens in the District of Columbia and in the nearby States of Virginia and Maryland; to hinder and obstruct the free flow of said products in the channels of commerce, and to deny to dealers in and consumers of said products in the District of Columbia and the aforesaid States, those advantages in price and otherwise which they would obtain under conditions of normal and unobstructed competition, in the absence of the above alleged acts and practices of respondents.

CONCLUSION

The practices of said respondents, under the conditions and circumstances stated in the foregoing findings, are to the prejudice of the public and of respondents' competitors, and are unfair methods of competition, and constitute a violation 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."

ORDER TO CEASE AND DESIST

This proceeding having been heard by the Federal Trade Commission upon the complaint of the Commission, the answer of respondents, testimony and evidence taken before Robert S. Hall, an examiner of the Commission theretofore duly designated by it, in support of the charges of said complaint and in opposition thereto, briefs filed herein, and oral arguments by John L. Hornor, counsel for the Commission, and by Joseph C. McGarraghy and Julius H. Wyman, counsel for the respondents, and the Commission having made its findings as to the facts and its conclusion that said respondents have 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 ordered, That respondents, Linen Supply Association of the District of Columbia, William Stanley Taylor, Edward O. Craig, and George N. Walker, its officers; and Frank C. Davis, Stephen J. Demas, Richard E. Vincent, Arthur Zinnamon, Jr., and Angelo

Order

21 F. T. C.

Papachrist, its directors; and Capitol Towel Service Company, a corporation; C. C. Coat, Towel & Apron Supply Company, a corporation; Atlas Manufacturing and Servicing Corporation, a corporation; Elite Laundry Company of Washington, D. C., Inc., a corporation; Ben E. Singer and Joseph L. Fradkins, partners, doing business under the firm name and style of American Linen Supply Company; Eugene Kahn, doing business under the firm name and style of Kahn Coat and Apron Supply Company; Ellis P. Eilbeck, doing business under the firm name and style of Keep Clean Coat and Apron Supply; Metropolitan Coat and Apron Supply Company, a corporation; Robert L. Cosgriff, doing business under the firm name and style of Penn Coat and Apron Supply; Angelo Papachrist, doing business under the firm name and style of Quick Service Laundry Company; New Coat Apron and Towel Supply Company, a corporation; Standard Linen Supply and Laundry Company, a corporation, and Tolman Laundry, a corporation, members of said association; their officers, directors, agents, representatives, servants, and employees, in connection with the supplying, furnishing, and distribution of the products which they supply, furnish, and distribute in commerce, in the District of Columbia, and between the District of Columbia and the States of Maryland and Virginia, do cease and desist from:

(1) Combining, agreeing or cooperating among themselves, or among any of them, or others, either through correspondence, association meetings, the secretary of the said association, meeting of two or more of them, or otherwise;

a. To control the solicitation and allocation of customers, and to fix, maintain or control uniform prices, discounts, terms, and conditions of supplying, furnishing, distributing, and delivering;

b. To exchange information among themselves, or with others, regarding contemplated changes in prices, discounts, terms, and conditions of supplying, furnishing, distribution, and delivery;

c. To adopt or distribute among two or more of them, or others, lists containing schedule of uniform prices, discounts, terms, and conditions of supplying, furnishing, distribution and delivery which have been agreed upon;

d. To arrange for or to designate one or more of its members to receive complaints of violations by a respondent member of any agreements, rule or regulation among respondent members or other rule or regulation of respondent association regarding prices, allocation of customers among members, or other control of the customers of members, or to arbitrate or to adjust disputes between respondent members, or to levy penalties upon a member of respondent,

Linen Supply Association of the District of Columbia, for the violation of any agreement, rule or regulation of respondent, Linen Supply Association of the District of Columbia;

e. To utilize any other equivalent cooperative means of accomplishing the controlling, solicitation, and allocation of customers, and the fixing, maintaining or controlling of uniform prices, discounts, terms, and conditions of supplying, furnishing, distributing, and delivering of the products which they supply, furnish and distribute in commerce in the District of Columbia, and between the District of Columbia and the States of Maryland and Virginia.

It is further ordered, That said respondents shall, within 60 days after 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 out.

Complaint

21 F. T. C.

IN THE MATTER OF
THOMASVILLE CHAIR COMPANY

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

Docket 2589. Complaint, Oct. 18, 1935—Order, Dec. 20, 1935

Consent order requiring respondent, its officers, etc., in connection with the advertisement, offer for sale, and sale in interstate commerce of household or other furniture, to cease and desist from—

- (a) Advertising or in any other way representing, directly or by implication, that articles of furniture made or sold by it and not made from wood derived from trees of the genus *Swietenia* of the *Meliaceae* family, otherwise known as Mahogany, are "Mahogany" or "Mah";
- (b) Advertising or in any other way representing, directly or by implication, that articles of furniture made or sold by it and not made from wood derived from the genus *Juglans*, of the tree family known as Walnut or *Juglandaceae*, are "walnut" or "oriental walnut"; or
- (c) Using word "walnut", either independently or in connection or conjunction with word "oriental", or with any other word or words, in its advertising matter of whatever character, so as to represent, import, imply, or have capacity or tendency to confuse, mislead or deceive purchasers into belief that said articles of furniture are made, either in whole or in part, from wood derived from trees of the Walnut or *Juglandaceae* family, when such is not the fact.

Mr. T. H. Kennedy for the Commission.

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 the Thomasville Chair Company, a corporation, has been and is 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. Respondent is a corporation organized, existing, and doing business under and by virtue of the laws of the State of North Carolina, with its principal place of business at Thomasville in the State of North Carolina. Respondent is now and for a number of years last past has been engaged in the manufacture of a general line of bedroom and dining room furniture and to some extent of other miscellaneous furniture lines and in the sale and distribution of said