

IN THE MATTER OF

FASHION ORIGINATORS GUILD OF AMERICA, INC., MICHIGAN AVENUE GUILD OF CHICAGO, MINNEAPOLIS FASHION GUILD, LADIES' READY-TO-WEAR GUILD OF BALTIMORE, INC., NATIONAL FEDERATION OF TEXTILES, INC., AND THEIR RESPECTIVE OFFICERS, DIRECTORS AND MEMBERS

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

*Docket 2769. Complaint, Apr. 16, 1936—Decision, Feb. 8, 1939*¹

Where a membership corporation which—

- (1) Was composed of manufacturers of women's garments and of textiles used in manufacture thereof, engaged in selling and shipping their products to dealers in other States and, as thus engaged, in competition among themselves and with other manufacturers who likewise sell and ship similar products; and
 - (2) Garment manufacturing members of which constituted a dominant factor in the women's garment manufacturing industry, with their products in such demand by the trade and the purchasing public that all retail dealers in women's garments, in order to meet competition and demand of consuming public, were compelled to stock and handle some of the lines made by said members; and
 - (3) Initial purpose or program of which, namely, the preventing of the copying for sale in commerce of alleged original creations in fashions and styles of women's garments, was later expanded and enlarged to cover designs of textiles used in manufacture of such garments and other practices and policies as below set forth; and
 - (4) Which instituted, as a part of its said program, a Design Registration Bureau for the registration of alleged original designs and styles of its women's garment manufacturer members, who were required to submit, on blank application forms furnished them, description of design and style of garments to be registered, together with sketch thereof and affidavit setting forth that it was applicant's original design, appointed so-called "piracy committee" to pass on issue of garments challenged as copies of styles and designs registered by its members, and employed "shoppers" in the principal cities to visit stores of cooperating retailers, check sale of garments declared by its aforesaid committee as such copies, request removal thereof from sale on the part of the particular retailer, and report failure so to do, and to visit also stores of noncooperating retailers, without disclosing identity, to ascertain whether or not such dealers have on sale copies of alleged original designs and styles of its members, and, if so, to report thereon;
- (a) Entered into and carried out agreements with three local guilds, members of which were respectively composed of retail dealers in women's wearing apparel located in the cities of Chicago, Minneapolis, and Baltimore, co-

¹ Order published as modified by Commission order dated March 29, 1939, which deleted one of the paragraphs in the original order.

operation of which it had sought and secured in furtherance of its objectives, under which such membership corporation or Fashion Guild agreed that its members would not (1) sell their products in the cities in which said local guilds were located to retailers who were not members in good standing of the latter, or who did not conform to their standards and regulations; (2) sell at retail to individual consumers or to persons conducting their business in residences, residential quarters, or in hotels or apartment buildings; (3) conduct off-price promotion sales or clearance sales prior to dates fixed by local guild; or (4) sell to any member of the local guild who violated any of the provisions of the agreement until such member was restored to good standing; and (5) agreed to suspend from membership any of its members breaching any of the provisions of such agreement; and

Where three local guilds of retail dealers in women's garments in the cities of Chicago, Minneapolis, and Baltimore, as aforesaid and in accordance with objectives above set forth—

- (b) Entered into and carried out agreements with said Fashion Guild, as above set forth, under which such respective local guilds agreed that their members would not (1) purchase from manufacturers who did not conform to the standard of ethics and regulation of said Fashion Guild; or (2) knowingly buy or sell copies of legitimately registered styles, and that they would (3) return any such copies as were found in their stock; (4) accept the decision of the "style piracy" division of said Fashion Guild on all questions of alleged design piracy; (5) stamp all their orders for merchandise with latter's warranty clause, which provided that the order was placed upon the seller's warranty that the garments in question were not copies of styles originated by members of such Fashion Guild, and purchaser reserved right to return any merchandise not as warranted; and (6) that they would suspend from membership any member violating any of the provisions of the agreement; and (7) agreed to refrain from purchasing from any member of the Fashion Guild who violated any of the provisions of the agreement, until such time as such member was restored to membership in good standing in said Fashion Guild; and

Where said Fashion Guild, following determination that its objectives would be best accomplished by securing cooperation of individual retailers in women's garments in territories which had no local guild, and distribution to retailers throughout the United States, for their signature, of its so-called "Declaration of Cooperation," under which retailer undertakes not to buy any copies of merchandise created by members of said Fashion Guild, to abide by decisions of its "piracy committee" and return such garments as are adjudged copies of its registered styles, to cooperate with it to the fullest extent in helping it to remove such copies from the market, to furnish it with such information in his possession as it may desire, and to affix to all of his apparel orders the aforesaid warranty clause, and, after attempting to secure voluntary cooperation of the retailers and their signatures through representing advantages thus to be derived, and having secured a number of such voluntary signatures—

- (c) Coerced, constrained, and compelled retail dealers to sign such declarations of cooperation under the threat that unless they did so the members of said Guild would refuse to sell to such retailers their products or to allow them to inspect their lines of merchandise, with result that such garment manufacturing members did refuse thus to exhibit or sell their goods to

retailers who failed or refused to sign such declarations or, having signed same, failed to comply with the requirements thereof; and

Where some 12,000 retail dealers in women's garments, and including well-known stores in the largest cities throughout the country, as a result, in the case of the majority thereof, of aforesaid coercive activities—

- (d) Signed such declarations of cooperation and returned same to the aforesaid Guild and thereafter refused to purchase garments which were determined by it to be copies of original registered styles or designs of its members, and generally complied with the terms of such declaration; and

Where said Fashion Guild, after it had secured the cooperation of a large number of retailers—

- (e) Sought to and did induce many retailers not only to refuse to purchase alleged copies of original designs of its members, but also to refuse to purchase any of their requirements from manufacturers who copied original styles or designs of such Fashion Guild members;
- (f) Entered, on a white card in a card index system which it inaugurated and maintained in order effectively to prevent purchase by retailers of alleged copies of original styles and designs registered by its members, names of cooperating retailers who had signed declaration of cooperation, and sent to each member duplicates of such cards, and prohibited its members from selling to any retail merchant whose name was not thus carded;
- (g) Entered on a red card, duplicate of which was sent to each of its members, names of retailers who failed or refused to sign its said declaration, or who, having signed, failed or refused to take off sale garments adjudged by its "piracy committee" to be copies of registered original designs of a member, with result that members to whom such red-card duplicates were sent, in compliance with its regulations and requirements, refused to sell such red-carded retailers;
- (h) Distributed also among its members lists of retailers who had failed or refused to sign its declaration or who, having signed same, failed or refused to remove from sale copies of alleged original designs or styles registered by the members, or who failed to comply with its rules and regulations, along with instructions that members receiving such lists were not to sell their merchandise to those whose names appeared thereon, with result that the members did thereafter refuse thus to sell such persons;
- (i) Included also on its red-carded list, on which at one time appeared names of over 400 retail dealers located at various places throughout the United States, retailers who refused to disclose names of manufacturer from whom they purchased alleged copies, notwithstanding such retailers' removal of alleged copies from sale; and

Where the garment manufacturing members and the textile members of such Fashion Guild—

- (j) Entered into and carried out agreement that the former would not buy textiles which were not registered in the Industrial Design Registration Bureau maintained as a clearing house for registration of textile designs by said textile members' corporation, and textile members agreed to sell only to such garment manufacturers as became parties to said agreement; and

Where said textile corporation—

- (k) Notified manufacturers and converters of textiles used in the women's garment manufacturing industry, in trade journal advertisement, that

members of said Fashion Guild and other nonmember manufacturers of women's garments had signed pledges to use only textile designs which had been registered in said textile corporation's Industrial Design Registration Bureau; and

Where said Fashion Guild—

- (1) Passed a resolution that, as a means of preventing style piracy, its members would not buy from textile manufacturers who sold to retailers who entered into agreements with manufacturers to manufacture styles, and that they would not sell to retailers who resorted to such practice; and
- (m) Prohibited its members from participating in any manner whatsoever in any retail advertising, and fixed expulsion from the organization as penalty for violation of such resolution, which was complied with, and fixed definite maximum discount to be allowed by members, and prohibited members from selling at retail, by resolution, which they respected;
- (n) Cooperated, as above indicated, with aforesaid local guilds and in policies and programs above set forth, including attempt to prevent special sales except upon days designated by Guild, and refused to continue its affiliation with any retailer who failed to obey its rule prohibiting participation by retailers with dress manufacturers in promoting fashion shows unless merchandise used therein was actually purchased and delivered, and denied to such offending retailer all the privileges resulting from said affiliation, with result that, in compliance with its policy and program, its members refused to sell their garments at retail as aforesaid, or to persons conducting business in residences, residential quarters, hotels or apartment houses, and refrained from participating in fashion shows sponsored by retailers; and
- (o) Employed auditors who audited books of its members to ascertain whether they were selling red-carded retailers or violating any of its regulations, policies or programs, and imposed and collected fines on members shown by its auditors' reports or otherwise to have sold such retailers or to have violated any of its policies or programs, and notified membership that fine of \$1,500, collected in one instance, would be followed by one of \$5,000 in case of future violation;

With result that—

(1) Retail dealers in women's garments who had failed or refused to cooperate with said Fashion Guild or who, having signed its declaration, had failed or refused to remove from sale garments declared by it to be copies of registered original designs or styles of its members, were occasioned loss of good will and great financial loss by refusal of garment manufacturing members to sell such retailers their merchandise;

(2) Nonmember manufacturers of women's garments selling their products in interstate commerce were occasioned such financial loss due to return by retailers, in compliance with requirements of said Fashion Guild, of garments declared by it as copies of registered original styles or designs of members; and

(3) Manufacturers declared by said Fashion Guild as being confirmed copyists suffered great financial loss through the refraining, on the part of retail dealers induced and constrained so to do by said Fashion Guild, from purchasing any of their requirements from such manufacturers; and

With the results and effects, as a result of the cooperation with one another by said Fashion Guild and members, local guilds and retailers, and textile

Syllabus

28 F. T. C.

corporation, in the conduct and consummation of aforesaid policies and programs of such Fashion Guild, and in pursuance of the understandings, arrangements, etc., above indicated, as entered into jointly and severally by them, and by reason thereof, that—

(1) Competitors of members of said Guild and said textile corporation were prevented from making sales of their products and shipments in interstate commerce, and competition therein in sale and shipment of women's garments and textiles used in manufacture thereof was substantially lessened, hindered and suppressed;

(2) Retail dealers in such products throughout the United States were prevented from buying their requirements from manufacturers boycotted by said Fashion Guild, and competition in such commerce in purchase and sale of said products was substantially lessened, hindered, and suppressed;

(3) Control over the business practices of a majority of the manufacturers and distributors of women's garments and textiles used in manufacture thereof, and power to exclude from the industry those manufacturers and distributors who do not conform to their rules and regulations, were obtained and exercised by said Fashion Guild and textile corporation, with tendency thereby to create in themselves a monopoly in such industries;

(4) Retail dealers in women's garments throughout the United States were constrained, coerced, and compelled to declare their intention to cooperate with said Fashion Guild in its policies and programs by signing the declaration of cooperation submitted by it, and those dealers in such products who failed or refused thus to sign, or who, having signed, failed to remove from sale garments found by said Guild to be copies of styles or designs registered as original creations of its members, were caused to suffer great financial loss and loss of good will because of refusal of members of Guild to sell their merchandise to them;

(5) Garment manufacturing members had the amount of discounts to be given by them to retail dealers fixed by it, and were prohibited from participating in retailers' fashion shown, and prevented from subsidizing retail advertising, and were fined by it for violation of its policies and programs; and

(6) Such members refused to sell their merchandise at retail or to persons conducting business in residences, residential quarters, hotels, or apartment houses, to buy from textile manufacturers that sold to retailers who entered into agreements with manufacturers to manufacture styles, or to retail dealers who entered into contracts with manufacturers for such purpose, or to purchase textiles from manufacturers who did not register their designs with the aforesaid registration bureau of said Textile Federation, or to sell to retail dealers in Chicago, Minneapolis, and Baltimore who were not members of the local guilds of said respective cities, or who did not conform to the rules and regulations of such guilds;

(7) Members of said local guilds confined their purchases of women's garments to members of said Fashion Guild and those manufacturers who conformed to its regulations, programs, and policies; and

(8) Textile members of said Fashion Guild refused to sell their products to manufacturers who entered into agreements with retail dealers to manufacture styles or to manufacturers who did not agree to purchase only from textile manufacturers who registered their designs with the Industrial Design Registration Bureau of said textile corporation:

Held, That such acts, policies, and practices as above set forth and indicated, and under the circumstances set forth therein, were to the prejudice of the public and competitors and constituted unfair methods of competition in commerce and tended to create monopoly within intent and meaning of Federal Trade Commission Act.

Before *Mr. John W. Bennett*, *Mr. Edward M. Averill*, and *Mr. Charles F. Diggs*, trial examiners.

Mr. Everett F. Haycraft and *Mr. Reuben J. Martin* for the Commission.

Weisman, Quinn, Allen & Spett, of New York City, for Fashion Originators Guild of America, Inc., and its officers and members of respondent's board of governors, and, along with *Goldwater & Flynn*, of New York City, for *Austin M. DeLisser*, and *Duryee, Zunino & Amen*, of New York City, for *G. H. Conze*.

McLanahan, Merritt & Ingraham, of New York City, for National Federation of Textiles, Inc., and *Peter Van Vorn* and *Irene L. Blunt*.

Bondy & Schloss, of New York City, for *A. Traina Gowns, Inc.*

Reed, Smith, Shaw & McClay, of Pittsburgh, Pa., for *Joseph Horne Co.*

Taylor, Miller, Busch & Boyden, of Chicago, Ill., for *Mandel Bros., Inc.*

Saul, Ewing, Remick & Saul, of Philadelphia, Pa., for *John Wanamaker*.

Sundheim, Folz & Sundheim, of Philadelphia, Pa., for *Lit Brothers, Inc.*

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 each and all of the parties named in paragraphs 1 to 8, both inclusive hereof, 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 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 Fashion Originators Guild of America, Inc., hereinafter referred to as respondent F. O. G. A., is a membership corporation organized March 7, 1932, under the laws of the State of New York, and is now existing under the laws of said State with its principal office and place of business located at 512 Seventh Avenue, in the city of New York, in said State. The membership of said corporation is divided into three groups as follows: (1) Ladies' Garment

Manufacturers, (2) Textile Merchants, and (3) Affiliated Members, consisting of retail dealers in ladies' garments and accessories. The following named individuals of the said city of New York are executive officers of respondent F. O. G. A. and as such are designated as respondents herein: Maurice Rentner, president and treasurer, 498 Seventh Avenue; Herbert Sondheim, first vice president, 530 Seventh Avenue; Charles Gumprecht, second vice president, 36 West Forty-seventh Street; J. A. Livingston, secretary, 498 Seventh Avenue; Albert M. Post, executive director, 512 Seventh Avenue; and James M. Golby, executive secretary, 512 Seventh Avenue.

The said respondent F. O. G. A. was organized for the ostensible purpose of establishing fair trade practices among its members and to carry out a style protective program to protect the originators of fashions and styles of ladies' garments against copying and piracy. As the organization of said respondent F. O. G. A. expanded to include textile merchants and retail dealers, it also sought to protect the originators of designs of fabrics and in addition to its regular membership established a division known as "Protective Affiliates" for those nonmember ladies' garment manufacturers who cooperated in the style protective program of the said respondent F. O. G. A.; and also designated the Industrial Design Registration Bureau of the respondent National Federation of Textiles, Inc., as its agency to register the designs of fabrics submitted by members of its said Textile Merchants Group.

PAR. 2. The membership of said Ladies' Garment Manufacturers Group of said respondent F. O. G. A. is divided into the following divisions: Dress Division, composed exclusively of manufacturers of ladies' and misses' dresses; Coat Division, composed exclusively of manufacturers of ladies' and misses' coats; Junior Miss Division, composed exclusively of manufacturers of junior misses' dresses; and the Sportswear Division, composed exclusively of manufacturers of ladies' sportswear.

From time to time the membership of said Ladies' Garment Manufacturers Group of said respondent F. O. G. A. and the aforesaid divisions thereof, is increased by the addition of new members, so that all the members of said group at any given point of time cannot be specifically named as respondents herein without inconvenience and delay, and also said respondent members constitute a class so numerous as to make it impractical to name them all as individual respondents herein. Wherefore, the officers hereinbefore named as respondents as such officers, and the other members of the board of governors of said Ladies' Garment Manufacturers Group, hereinafter named, are also made respondents as representing all members of said group engaged in their respective lines of business, including those members not herein

specifically named. The following named individuals of New York City, compose the board of governors of the Ladies' Garment Manufacturers Group of respondent F. O. G. A. and as such are named as respondents herein:

Dress Division: William Bass, representing William Bass Dress Corporation, 550 Seventh Avenue; David Bender, representing Bender & Hamburger, Inc., 530 Seventh Avenue; Louis J. Brenner, representing Brenner, Morris, Inc., 498 Seventh Avenue; Theodore Racoosin, representing Germaine Monteil, Inc., 1440 Broadway; Miss Jo Copeland, representing Jo Copeland, Inc., 15 West 47th Street; Charles Lang, representing Charles Lang, Inc., 498 Seventh Avenue; William Fox, representing Suttre-Fox, Inc., 498 Seventh Avenue; Samuel Kass, representing Kass-Sutton, Inc., 498 Seventh Avenue; Joseph Halpert, representing Joseph Halpert, Inc., 530 Seventh Avenue; D. Eli Lahm, representing Rose Barrack & Lahm, 530 Seventh Avenue; and Charles Miller, representing Strauss-Miller, Inc., 498 Seventh Avenue.

Coat Division: Louis M. Wersba, representing Deitsch, Wersba & Coppola, 512 Seventh Avenue; Kallman Carmel, representing Carmel Bros., Inc., 530 Seventh Avenue; and Leo A. Del Monte (alternate), representing Del Monte Hickey Co., 530 Seventh Avenue.

Junior Miss Division: Louis J. Mallas, representing Jane Junior Dresses, 498 Seventh Avenue.

Sportswear Division: David M. Goodstein, representing David M. Goodstein, Inc., 530 Seventh Avenue; and Matthew Kane (alternate), representing Kane-Weill, Inc., 498 Seventh Avenue.

The aforesaid members of the said Ladies' Garment Manufacturers Group of said respondent F. O. G. A., consisting of approximately 180 individuals, copartners, and corporations, are located in various States of the United States, but principally in the city of New York, State of New York, in the city of Chicago, State of Illinois, and in the city of Boston, State of Massachusetts. Most of the said members are engaged in the business of designing and manufacturing ladies', misses', and junior misses' dresses, suits, and other similar garments of high quality, and in the sale of said garments at wholesale in the higher priced lines to retail dealers located in States other than the States of manufacture, causing said garments when so sold to be transported from their respective places of manufacture to the purchasers thereof, and there has been and now is a constant current of interstate trade and commerce in said products between the members of said Ladies' Garment Manufacturers Group of respondent F. O. G. A. and retail dealers in said garments, including said "Affiliated Members" of respondent F. O. G. A., located throughout the several States of the United States.

In the course and conduct of their said respective businesses, respondent members of the said Ladies' Garment Manufacturers Group of said respondent F. O. G. A., but for the matters and things hereinafter set forth, would be naturally and normally in competition with each other, and are in competition with other individuals, copartners, and corporations also engaged in the manufacture of ladies', misses', and junior misses' dresses, suits, and other similar garments and in the interstate sale of said garments to retail dealers. Said members of the Ladies' Garment Manufacturers Group of respondent F. O. G. A., during the year 1935, manufactured and sold approximately 50 percent of all ladies' dresses sold in the United States at the wholesale price of \$10.75 and above, and 30 percent of all ladies' dresses sold in the United States at the wholesale price of \$6.75 and above. The said garments designed, manufactured, and sold by said members are in such demand by the trade and public that all retail dealers of ladies' garments attempting to offer a full line of ladies' garments to the public are required to stock and handle some lines of the same.

PAR. 3. Respondent Austin M. DeLisser, 512 Seventh Avenue, New York City, is executive secretary of the Textile Merchants Group of the said respondent F. O. G. A. Respondents G. H. Conze, representing Susquehanna Silk Mills, 149 Madison Avenue; E. W. Freudenberg, representing Amrein, Freudenberg Co., 14 East Thirty-eighth Street; Samuel Levine, representing Hess, Goldsmith & Co., 1400 Broadway; and E. E. Meyer, representing J. A. Wagenbauer, Inc., 469 Fifth Avenue, all of New York City, constitute the board of governors of said Textile Group of said respondent F. O. G. A., and as such are named as respondents herein. Said Textile Merchants Group of said respondent F. O. G. A. consists of approximately 50 individuals, copartners, and corporations engaged in the business of importing, converting, and manufacturing textile fabrics.

From time to time the membership of said Textile Merchants Group of said respondent F. O. G. A. is increased by the addition of new members, so that all the members of said group at any given time cannot be named as respondents herein without inconvenience and delay, wherefore, the officers hereinbefore named as respondents, as such officers, and the foregoing named individuals constituting the board of governors of the said Textile Merchants Group of said respondent F. O. G. A., are also made respondents as representing all members of said Textile Group of said respondent F. O. G. A., including those not herein specifically named.

The various members of said Textile Merchants Group of said respondent F. O. G. A., in the course and conduct of their said busi-

nesses, sell textile fabrics to manufacturers of ladies' garments located in States other than the State of New York, causing said products when so sold to be transported from their respective places of business to the aforesaid purchasers thereof, and there has been and now is a constant current of interstate trade and commerce in said products between members of the Textile Merchants Group and members of the said Ladies' Garment Manufacturers Group of said respondent F. O. G. A., and their said competitors located throughout the several States of the United States.

In the course and conduct of their said respective businesses, respondent members of the said Textile Merchants Group of said respondent F. O. G. A., but for the matters and things hereinafter set forth, would be naturally and normally in competition with each other, and otherwise are in such competition with other individuals, copartners, and corporations also engaged in the business of importing, converting, and manufacturing textile fabrics and in the sale of said fabrics to retail dealers in interstate commerce.

PAR. 4. Respondent National Federation of Textiles, Inc., hereinafter referred to as respondent Textiles, Inc., is a membership corporation organized under the laws of the State of Connecticut with its principal office and place of business at 10 East Fortieth Street, in the city of New York, State of New York. Peter Van Horn is president and Irene L. Blunt is secretary of said respondent Textiles, Inc. The membership of said respondent Textiles, Inc., is made up of approximately 100 converters, dyers, printers, and manufacturers of silk and rayon fabrics located in the principal cities of the eastern portion of the United States. The said respondent, Textiles, Inc., operates and maintains a clearing house for the registration of designs of silks, rayons, laces, and embroideries under the name of Industrial Design Registration Bureau, which has been designated by the Textile Merchants Group of the said respondent F. O. G. A., as the official registration agency of designs of fabrics manufactured and sold by the members of said group.

PAR. 5. Respondent Marshall Field & Co. is an Illinois corporation with its office located at 222 North Bank Drive in the city of Chicago and is an affiliated member of respondent F. O. G. A., engaged in the retail sale and distribution of merchandise including ladies' garments. John McKinlay is president and T. H. Eddy is secretary and treasurer of said respondent Marshall Field & Co.

Respondent Allied Stores Corporation is a Delaware corporation with its office located at 1440 Broadway, New York City, State of New York, owning and operating the retail stores of Jordan Marsh Co. located in Boston, Mass., and the Golden Rule Store located in

Complaint

28 F. T. C.

St. Paul, Minn., and is an affiliated member of respondent F. O. G. A., engaged in the retail sale and distribution of merchandise, including ladies' garments. B. Earl Puckett is president and A. C. Hallan is secretary and treasurer of said respondent Allied Stores Corporation.

Respondent Lindner Co. is an Ohio corporation with its office located at Euclid Avenue and East Fourteenth Street in the city of Cleveland, State of Ohio, owning and operating stores in the city of Cleveland, Ohio, in the city of Binghamton, State of New York, and in the city of Elmira, State of New York, and is an affiliated member of respondent F. O. G. A., engaged in the retail distribution of merchandise, including ladies' garments. Mack Gordon is president and Edward Schwarz is secretary of said respondent Lindner Co.

Respondent Horne Company is a Pennsylvania corporation with its office located on Penn Avenue at Stanwix Street, in the city of Pittsburgh, owning and operating a department store in said city, and is an affiliated member of respondent F. O. G. A., engaged in the retail sale and distribution of merchandise, including ladies' garments. A. H. Burchfield is President and W. H. Friesell is secretary and treasurer of said respondent Horne Co.

Respondent Mandel Brothers, Inc., is a Delaware corporation with its office located at 1 North State Street in the city of Chicago, State of Illinois, owning and operating a department store located in said city, and is an affiliated member of respondent F. O. G. A., engaged in the retail sale and distribution of merchandise, including ladies' garments. Edwin F. Mandel is president and Ben J. Altheimer is secretary of said respondent Mandel Brothers, Inc.

Respondent John Wanamaker, Philadelphia, is a Pennsylvania corporation with its office located in the city of Philadelphia, State of Pennsylvania, owning and operating a department store located in said city, and is an affiliated member of respondent F. O. G. A., engaged in the retail sale and distribution of merchandise, including ladies' garments. Said respondent also owns the entire corporate stock of John Wanamaker, a New York corporation, engaged in a similar business in the city of New York in said State. Wm. L. Nevin is president and Henry H. Funk is secretary of said respondent John Wanamaker, Philadelphia.

Respondent Lit Brothers is a Pennsylvania corporation with its office located at Market and Eighth Streets, in the city of Philadelphia, State of Pennsylvania, owning and operating a department store located in said city, and is an affiliated member of respondent F. O. G. A., engaged in the retail sale and distribution of merchan-

dise, including ladies' garments. G. H. Johnson is president and A. T. Hild is assistant secretary of said respondent Lit Brothers.

Respondent Bullock's, Inc., is a Delaware corporation with its office located at Broadway, Hill, and Seventh Streets, in the city of Los Angeles, State of California, owning and operating a department store located in said city, and is an affiliated member of respondent F. O. G. A., engaged in the retail sale and distribution of merchandise, including ladies' garments. P. G. Winnett is president and M. E. Arnett is secretary of said respondent Bullock's, Inc.

Respondent Emporium Capwell Corporation is a California corporation with its office located at 835 Market Street, in the city of San Francisco, owning and operating the Capwell Department Store in Oakland, Calif., and the Emporium Department Store in San Francisco, and is an affiliated member of respondent F. O. G. A., engaged in the retail distribution of merchandise, including ladies' garments. A. B. C. Dohrmann is president and E. C. Lipman is vice president and manager of said respondent Emporium Capwell Corporation.

Respondent J. L. Hudson Co. is a Michigan corporation with its office located in the city of Detroit, owning and operating a department store located in said city, and is an affiliated member of respondent F. O. G. A., engaged in the retail sale and distribution of merchandise, including ladies' garments. R. H. Webber is president and W. A. Petzold is secretary of said respondent J. L. Hudson Co.

The membership of the said Affiliated Members Group of the said respondent F. O. G. A. consists of approximately 12,000 retail dealers in ladies' garments and accessories, located in the principal trading centers of the several States of the United States, and include a substantial number of leading department stores and exclusive ladies' wear shops. From time to time the membership of the said Affiliated Member Group of said respondent F. O. G. A., is increased by the addition of new members so that all the affiliated retail dealer members of said respondent F. O. G. A. at any given point of time cannot be specifically named as respondents herein without inconvenience and delay, and also said respondent members constitute a class so numerous as to make it impractical to name them all as individual respondents herein. Wherefore, the foregoing respondent affiliated members of said respondent F. O. G. A. described in this paragraph are also made respondents herein as representing all affiliated retail members of said respondent F. O. G. A., including those not herein specifically named.

PAR. 6. Respondent Michigan Avenue Guild of Chicago, herein-after referred to as respondent M. A. G., is a membership corporation

organized December 27, 1932, under the laws of the State of Illinois, and is now existing under the laws of said State as a nonprofit organization with its principal office and place of business located at 840 North Michigan Avenue, city of Chicago, in said State. The membership of said corporation consists of approximately 200 retail dealers of ladies' wearing apparel, located in and near the said city of Chicago, approved by the executive committee of said M. A. G., and who are, or have agreed to become, affiliated members of said respondent F. O. G. A., or who have agreed to comply with the trade practice rules and regulations of said respondent F. O. G. A. The following named individuals of said city of Chicago are officers and directors of said respondent M. A. G., and as such are designated as respondents herein: George M. Gleason, president and director, representing Saks-Fifth Avenue, 840 North Michigan Avenue; Guy L. Ederheimer, vice president and director, representing Leschin, Inc., 318 South Michigan Avenue; L. R. Pearson, treasurer, representing Martha Weathered Shop, 950 North Michigan Avenue; Edw. A. Fletcher, secretary, 840 North Michigan Avenue; Harry Blum, director, representing Blum's-Vogue, Inc., 630 South Michigan Avenue; Frank L. Cole, director, representing Martha Weathered Shop, 950 North Michigan Avenue; Herman Friedman, director, representing Kermans, 160 North Michigan Avenue; Mrs. Sally K. Greenebaum, director, representing Sally K. Greenebaum, 540 North Michigan Avenue; Clarence A. Powell, director, representing Powell-700 North, Inc., 700 North Michigan Avenue; Bernard Rose, director, representing South Shore Vogue, 2372 East Seventy-first Street; and Mrs. Elise A. Runyan, director, representing Elise A. Runyan, Inc., 1365 East Fifty-third Street.

From time to time the membership of said respondent M. A. G. is increased by the addition of new members so that all the affiliated members of said respondent M. A. G. at any given point of time cannot be specifically named as respondents herein without inconvenience and delay. Wherefore, the officers and directors of respondent M. A. G. hereinbefore named as respondents, as such officers and directors, are also made respondents as representing all members of said respondent M. A. G., including those not herein specifically named.

PAR. 7. Respondent Minneapolis Fashion Guild, hereinafter referred to as respondent Minneapolis Guild, is a membership corporation organized on or about June 1, 1932, under the laws of the State of Minnesota. Respondent Roy H. Bjorkman, representing respondent Roy H. Bjorkman, Inc., a member of said respondent Minneapolis Guild, located at Tenth and Nicollet, Minneapolis, Minn., is executive

secretary of said respondent Minneapolis Guild. The membership of said Minneapolis Guild consists of approximately 15 persons, firms, and corporations engaged in the sale at retail of ladies' dresses, suits, coats, and sportswear, and whose stores are located in the city of Minneapolis, in said State, and who are, or who have agreed to become, affiliated members of the said respondent F. O. G. A.

From time to time the membership of said respondent Minneapolis Guild is increased by the addition of new members so that all the affiliated members of said respondent Minneapolis Guild at any given point of time cannot be specifically named as respondents herein without inconvenience and delay. Wherefore, the officer and member hereinbefore named as respondent, as such officer and member of Minneapolis Guild, is also made respondent as representing all members of said respondent Minneapolis Guild, including those not herein specifically named.

PAR. 8. Ladies' Ready-to-Wear Guild of Baltimore, Inc., hereinafter referred to as respondent Baltimore Guild, is a membership corporation organized under the laws of the State of Maryland on or about January 1, 1935, and now existing under the laws of said State. The membership of said Baltimore Guild consists of approximately 40 persons, firms, and corporations engaged in the sale at retail of ladies' dresses, suits, coats, and sportswear, and whose stores are located in the city of Baltimore, State of Maryland, and who are, or have agreed to become, affiliated members of the respondent F. O. G. A. The following named individuals of the said city of Baltimore, are officers and directors of respondent Baltimore Guild, and as such are designated as respondents herein: C. F. Roycroft, secretary, 1200 Lexington Building; Charles G. Hutzler, president and director, representing Hutzler Brothers Co., 212 North Howard Street; Allen S. Metzger, vice president and director, representing the Maison Annette Co., 328 North Charles Street; Fred H. Alperstein, director, representing The Gaxton Co., 214 North Charles Street; William Pollock, director, representing The Hub, Charles & Baltimore Streets; Lester Bonwit, director, representing Bonwit Lennon, Inc., 220 North Charles Street; Martin Kohn, director, representing Hochschild Kohn & Co., Howard and Lexington Streets; Albert D. Slesinger, director, representing Slesingers, Inc., 342 North Charles Street; J. E. Ellington, director, representing the May Co., Howard and Lexington Streets; Sam J. Schleisner, director, representing the Schleisner Co., Howard and Saratoga Streets; and Hal W. Kenaston, director, representing O'Neill & Co., Charles and Lexington Streets.

From time to time the membership of said respondent Baltimore Guild is increased by the addition of new members so that all the members of said respondent Baltimore Guild at any given point of time cannot be specifically named as respondents herein without inconvenience and delay. Wherefore, the officers and directors hereinbefore named as respondents, as such officers and directors of said respondent Baltimore Guild, are also made respondents as representing all members of said respondent Baltimore Guild, including those not herein specifically named.

PAR. 9. The said respondents hereinbefore named and described, and each of them, during the period of time, to wit, from January 1, 1932, to the date of this complaint, have entered into an agreement, combination, and conspiracy with each other and with other persons, to hinder and suppress competition in the interstate sale and distribution of textile fabrics to manufacturers of ladies' and misses' garments, including dresses, suits, and coats; and also to hinder and suppress competition between and among said manufacturers of said garments in the interstate sale and distribution of their said products to retail dealers; and also to restrain interstate trade in said textile fabrics and said garments; and also to create a monopoly in the manufacture and interstate sale of said fabrics and said garments in the said members and affiliated members of said respondent F. O. G. A. Pursuant to said agreement, combination, and conspiracy said respondents have respectively and cooperatively performed, and are now so performing, the following acts and practices, to wit:

(a) Said respondent F. O. G. A. has coerced and compelled, and now coerces and compels, manufacturers of ladies' garments to confine the purchases of their requirements of textiles and fabrics to members of said Textile Merchants Group of respondent F. O. G. A., or to importers, converters, and manufacturers who have cooperated and are now cooperating with said respondent F. O. G. A. by registering their designs of said fabrics and textiles with the said respondent F. O. G. A. or with the said Industrial Design Registration Bureau of said respondent Textiles, Inc.; under the penalty of being required to pay fines of substantial amounts of money to said respondent F. O. G. A., and of being boycotted by members of said Textile Merchants Group of said respondent F. O. G. A.

(b) Said respondent F. O. G. A. has coerced and compelled, and now coerces and compels, said ladies' garment manufacturers to confine the sales of their merchandise to retail dealers who are affiliated members of said respondent F. O. G. A., or who have cooperated and are now cooperating with said respondent by purchasing their requirements of ladies' garments exclusively from the said members of said Ladies' Garment Manufacturers Group or said protective

affiliates of said respondent F. O. G. A., or otherwise have cooperated or are cooperating with the respondent F. O. G. A. in its style protective program as set forth herein; under penalty of being required to pay fines of substantial amounts of money to said respondent F. O. G. A., and of being boycotted by said affiliated members of said respondent F. O. G. A. or other retail dealers who have cooperated and are now cooperating with said respondent F. O. G. A. in its style protective program as set forth herein.

(c) Said respondent F. O. G. A. has coerced and compelled, and now coerces and compels, retail dealers of ladies' garments to become affiliated members of said respondent F. O. G. A., and to enter into agreements with said respondent F. O. G. A. by which and pursuant to which said retail dealers purchase their requirements of the respective lines of ladies' garments from the members of the said Ladies' Garment Manufacturers Group of the said respondent F. O. G. A. or the said protective affiliates, insofar as those respective lines are sold by said members or protective affiliates; and to refuse to purchase said ladies' garments from manufacturers who have copied garments adjudged and reported by said respondent F. O. G. A. to have been designed by said members of said Ladies' Garment Manufacturers Group of said protective affiliates of said respondent F. O. G. A.; and upon notice from said respondent F. O. G. A. to return all garments to said manufacturers which are adjudged by said respondent F. O. G. A. to be copies of garments designed, manufactured, and sold by members of said Ladies' Garment Manufacturers Group, or said protective affiliates of said respondent F. O. G. A., and registered with said respondent F. O. G. A.; and to otherwise cooperate with said respondent F. O. G. A. in removing from the market garments of manufacturers who are not cooperating with said respondent F. O. G. A. in its style protective program set forth herein; under penalty of being blacklisted and boycotted by the members of said Ladies' Garment Manufacturers Group of said respondent F. O. G. A. as more particularly described in subparagraph (d) hereof.

(d) Said respondent F. O. G. A. has employed and now employs shoppers to spy upon retail dealers, including said affiliated members of said respondent F. O. G. A., to ascertain whether or not any of the ladies' garments being offered for sale by said retail dealers appears to be a copy of garments designed, manufactured, or sold by members of said Ladies' Garment Manufacturers Group or said protective affiliates of said respondent F. O. G. A. and registered with said respondent F. O. G. A.; and where said retail dealers are offering for sale garments which appear to be such copies and said retail dealers refuse or decline to cooperate with said respondent F. O. G. A. in removing from the market the garments of manufacturers who are

Complaint

28 F. T. C.

not cooperating with said respondent F. O. G. A. in its style protective program as set forth herein, said respondent F. O. G. A. places the names of such noncooperating retail dealers on a blacklist and circulates said blacklist among the members of said Ladies' Garment Manufacturers Group and said Textile Merchants Group of said respondent F. O. G. A., who thereupon and thereafter refuse to sell fabrics or ladies' garments designed and manufactured by them to such noncooperating retail dealers; and since the date of its organization said respondent F. O. G. A. has blacklisted, and said members of said respondent F. O. G. A. have refused to sell their products to more than 400 retail dealers located throughout the several States of the United States.

(e) Said respondent F. O. G. A. has coerced and compelled, and now coerces and compels, the members of said Ladies' Garment Manufacturers Group of said respondent F. O. G. A. to refuse to exhibit, sell or ship merchandise to persons conducting retail establishments from residential premises, or who do not cooperate with said respondent F. O. G. A. in its style protective program as set forth herein; and also refuse to participate in fashion shows sponsored by retail dealers or to display samples to group buyers; and also to agree upon uniform terms of sale and discounts, and to otherwise refrain from competing for the business of said retail dealers; under penalty of being required to pay to the said respondent F. O. G. A. fines in substantial amounts of money, and of being expelled from membership in said respondent F. O. G. A.

(f) Said respondent F. O. G. A., upon ascertaining through reports of its said shoppers that a member of said Ladies' Garment Manufacturers Group, or any other manufacturer of ladies' garments, has been selling ladies' garments to retail dealers which are copies of garments adjudged by said respondent F. O. G. A. to have been designed by members of said Ladies' Garment Manufacturers Group of said respondent F. O. G. A. and registered with the said respondent F. O. G. A., demands that said manufacturers discontinue said practice and cooperate with said respondent F. O. G. A. in removing from the market the garments adjudged to be copies, and if said manufacturers refuse to so comply with said demands, said respondent F. O. G. A. places the names of said noncooperating manufacturers upon a blacklist which is circulated among the retail dealers, affiliated members of said respondent F. O. G. A. Said retail dealers thereupon and thereafter, pursuant to coercion on the part of said respondent F. O. G. A., refuse to further purchase their requirements of ladies' garments from said noncooperating manufacturers; and since the date of its organization said respondent F. O. G. A. has caused its affiliated members to refuse to purchase ladies' garments from more than 100

ladies' garment manufacturers located throughout the several States of the United States.

(g) Said respondent F. O. G. A. has coerced and compelled, and now coerces and compels, said respondent Textile Merchants Group to register all designs of fabrics and textiles imported, converted, or manufactured by them with the said respondent F. O. G. A. or said Industrial Design Registration Bureau of respondent Textiles, Inc., and to confine the sale of their fabrics, so registered, to members or affiliated members or said protective affiliates of said respondent F. O. G. A., and to refrain from selling said products to garment manufacturers or retail dealers who are not members or affiliated members or protective affiliates of said respondent F. O. G. A.

(h) Said respondent Textiles, Inc., operating through and by means of its said division known as Industrial Design Registration Bureau, has, within the past year, in the solicitation of the registration of designs of fabrics from importers, converters, and manufacturers of textile fabrics, notified said importers, converters, and manufacturers of textile fabrics that the members of the Ladies' Garment Manufacturers Group and protective affiliates of the respondent F. O. G. A. had pledged themselves in writing to use only the registered designs of fabrics registered with said Industrial Design Registration Bureau, and that said Bureau had been designated by the said respondent F. O. G. A. as its agency to handle the registration of designs for said textile fabrics.

(i) Said respondents' local guilds, M. A. G., Minneapolis Guild, Baltimore Guild, and their officers and members, since their organization, have cooperated with the said respondent F. O. G. A. in its style protective program by entering into agreements with said respondent F. O. G. A. whereby it is agreed on the part of the respondent F. O. G. A. that its members will not sell merchandise within the respective areas of said local guilds to retailers who are not members in good standing of said guilds, or to those retailers whose practices do not conform to the standards of fair-trade practice of the respective guilds; and it is agreed on the part of the said local guilds that their members will not purchase ready-to-wear merchandise from any manufacturer not cooperating with said respondent F. O. G. A. in its style protective program, and the officers and officials of said local guilds have cooperated with the said respondent F. O. G. A. in using their official positions in the enforcement and maintenance of said agreements.

PAR. 10. The result of the said agreement, combination, and conspiracy, and the acts and practices performed thereunder by said respondents, as hereinbefore set forth, has been and now is (a) to prevent and hinder importers, converters, and manufacturers of

textile fabrics from selling their merchandise in interstate commerce to garment manufacturers who but for the existence of said agreement, combination, or conspiracy would purchase said products; (b) to prevent retail dealers in ladies' and misses' garments from purchasing their requirements of said products in interstate commerce from the manufacturers thereof; (c) to force many retail dealers to discontinue the sale of said products because of their inability to maintain a supply thereof at reasonable prices; (d) to substantially increase the price of ladies' and misses' garments to the manufacturers, retail dealers, and to the consuming public; and (e) to place in the hands of the respondent F. O. G. A. control over the business practices of the manufacturers and distributors of ladies' and misses' garments, and the power to exclude from this industry those manufacturers and distributors who do not conform to the rules and regulations established by said respondent F. O. G. A., and thus to tend to create a monopoly in the said respondent F. O. G. A. and its members.

PAR. 11. The foregoing alleged acts and practices of the said respondents have been and still are to the prejudice of the buying public generally and the customers and competitors of the members of said respondents in particular, and constitute unfair methods of competition in commerce within the intent and meaning 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."

REPORT, FINDINGS AS TO THE FACTS, AND ORDER

Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission, on April 16, A. D., 1936, issued and served its complaint in this proceeding upon the respondents specifically named in the caption hereof and upon the various corporations and individuals named as respondent in the body of the complaint, 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' answers thereto, testimony and other evidence in support of the allegations of the complaint were introduced by Reuben J. Martin and Everett F. Haycraft, attorneys for the Commission, and in opposition to the allegations of the complaint by Milton C. Weisman and M. A. Albert, attorneys for the respondent, before John W. Bennett, Edward M. Averill and Charles F. Diggs, respectively, examiners of the Commission theretofore duly designated by it, and said testimony and other evidence were duly recorded and filed in the office

Findings

of the Commission. Thereafter, the proceedings regularly came on for final hearing before the Commission on the said complaint, the answers thereto, the testimony and other evidence, briefs in support of the complaint and in opposition thereto, and the oral arguments of counsel aforesaid. And the Commission, having duly considered the matter and being now 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. Respondent Fashion Originators Guild of America, Inc., hereinafter for convenience referred to as "F. O. G. A.," is a membership corporation composed of manufacturers of women's garments and of textiles used in the manufacture thereof. It was incorporated under the laws of the State of New York on March 7, 1932, and its principal office and headquarters are located in the city and State of New York. The following-named persons were officers and members of respondent's board of governors as of April 16, 1936.

OFFICERS

Maurice Rentner, president and treasurer.
 Herbert Sondheim, first vice president.
 Charles Gumprecht, second vice president.
 J. A. Livingston, treasurer.
 Albert M. Post, executive director.
 James M. Golby, executive secretary.

BOARD OF GOVERNORS

DRESS DIVISION

William Bass	David Bender
Louis J. Brenner	Theodore Racoosin
Jo Copeland	Charles Lang
Charles Gumprecht	William Fox
Samuel Kass	Herbert Sondheim
Maurice Rentner	Joseph Halpert
D. Eli Lahm	Charles Miller

COAT DIVISION

Louis M. Wersba	Kallman Carmel
Leo Del Monte (alternate)	

JUNIOR MISS DIVISION

Louis J. Mallas

SPORTS WEAR DIVISION

J. A. Livingston	David M. Goodstein
Matthew Kane (alternate)	

Austin M. DeLisser is the executive secretary of the Textile Merchants' Group of the F. O. G. A. This group has no board of governors, but has a steering committee which performs the same functions, and G. H. Conze, E. W. Freudenberg, Samuel Levine, and E. E. Meyer are or have been members of this committee.

On April 16, 1936, the F. O. G. A. had 225 members, whose names, classifications, and addresses are as follows:

DRESS MEMBERS

Aldrich & Malvin, Inc.	530 7th Ave.
Milton Altmark, Inc.	530 7th Ave.
Charles Armour & Bros., Inc.	498 7th Ave.
Arons, Bernstein & Arons, Inc.	530 7th Ave.
Joseph & Ben Barnett, Inc.	498 7th Ave.
Rose Barrack & Lahm, Inc.	530 7th Ave.
William Bass Dress Corporation	550 7th Ave.
Herman Belspel, Inc.	530 7th Ave.
Bender & Hamburger, Inc.	530 7th Ave.
Blotta & Conti, Inc.	498 7th Ave.
Brenner, Joseph & White	30 West 47th St.
Brenner, Morris, Inc.	55½ Columbia.
Hattie Carnegie, Inc.	42 East 49th St.
Clifford Salkin, Inc.	530 7th Ave.
Lewis Cohn, Inc.	530 7th Ave.
Jo Copeland, Inc.	15 West 47th St.
David Crystal, Inc.	498 7th Ave.
Dolces Dressing, Inc.	530 7th Ave.
Anna Duke, Inc.	498 7th Ave.
Eta, Inc.	38 West 47th St.
Feigenbaum & Adelsohn, Inc.	530 7th Ave.
Pauline Fields, Inc.	498 7th Ave.
Herman Floersheimer & Bro., Inc.	550 7th Ave.
Louise Barnes Gallagher, Inc.	37 West 47th St.
Henry Ganz, Inc.	550 7th Ave.
Gardner & Schwartz, Inc.	498 7th Ave.
Garfinckel & Siegel, Inc.	550 7th Ave.
Ed. Garrick & Co., Inc.	550 7th Ave.
A. Goodman & Co., Inc.	530 7th Ave.
Joseph Greenberg-Bettina, Inc.	550 7th Ave.
Charles Groden, Inc.	20 West 56th St.
Julius Grossman & Fred Greenberg Dress Co., Inc.	550 7th Ave.
Joseph Halpert, Inc.	530 7th Ave.
Max Helt Dress Corporation	478 7th Ave.
Myron Herbert & Charles Cooper, Inc.	498 7th Ave.
Jack Herzog & Bro., Inc.	530 7th Ave.
Virginia Hume & Gold, Inc.	498 7th Ave.
E. A. Jackson-Bienard, Inc.	550 7th Ave.
Kallman & Morris, Inc.	530 7th Ave.
Kaplan & Moskowitz, Inc.	498 7th Ave.

Samuel Kass Gowns, Inc.	498 7th Ave.
Kiviette, Inc.	37 West 47th St.
Charles Kondazian & Papaz, Inc.	37 West 47th St.
Kornhauser Gowns, Inc.	498 7th Ave.
Charles Lang, Inc.	498 7th Ave.
La Rue Dresses, Inc.	550 7th Ave.
Lenkowsky Modes, Inc.	550 7th Ave.
Marry Lee Frocks, Inc.	498 7th Ave.
Mary Liotta, Inc.	37 West 47th St.
M. A. Litvin, Inc.	498 7th Ave.
H. Milgrim & Bros., Inc.	6 West 57th St.
Germaine Monteil, Inc.	36 West 47th St.
Jennie Moskowitz, Inc.	550 7th Ave.
Nanty Frocks, Inc.	36 West 47th St.
Nomis Dress Co., Inc.	498 7th Ave.
Paul Parnes, Inc.	498 7th Ave.
Pattulo Modes, Inc.	1 West 47th St.
Perles & Gilbert, Inc.	530 7th Ave.
Ben Reig, Inc.	498 7th Ave.
Maurice Rentner, Inc.	498 7th Ave.
Nettie Rosenstein Gowns, Inc.	36 West 47th St.
James J. Rothenberg, Inc.	550 7th Ave.
Rudolf Gowns, Inc.	530 7th Ave.
Ruffolo Bros., Inc.	31 West 47th St.
J. M. Silverman Dresses, Inc.	498 7th Ave.
Somay, Inc.	530 7th Ave.
Herbert Sondhelm, Inc.	530 7th Ave.
Spectator Sports, Inc.	15 West 47th St.
Frank Starr Friedlander, Inc.	530 7th Ave.
Straus-Miller, Inc.	498 7th Ave.
Suttre-Fox, Inc.	498 7th Ave.
A. Traina Gowns, Inc.	550 7th Ave.
John Traina, Inc.	530 7th Ave.

(All of the above are located in the city and State of New York)

AFFILIATED MEMBERS

B. G. Garment Co., Inc.	337 South Franklin St., Chicago, Ill.
Fred A. Block, Inc.	325 West Jackson St., Chicago, Ill.
S. Eisenberg	106 Fifth Ave., New York, N. Y.
H. N. Fried	337 South Franklin St., Chicago, Ill.
Junior Guild Frocks, Inc.	1372 Broadway, New York, N. Y.
Lang-Kohn Mfg. Co.	525 7th Ave., New York, N. Y.
Matthew Kadetsky Co.	530 7th Ave., New York, N. Y.
Robinson Bros., Inc.	550 7th Ave., New York, N. Y.

COAT AND SUIT MEMBERS

Carmel Bros., Inc.	530 7th Ave., New York, N. Y.
Dartmoor Coat Co., Inc.	1384 Broadway, New York, N. Y.
Deitsch-Wersba & Coppola, Inc.	512 7th Ave., New York, N. Y.
Del Monte Illicy Co., Inc.	205 West 39th St., New York, N. Y.

Findings

28 F. T. C.

Ben Gershel & Co., Inc.....	512 7th Ave., New York, N. Y.
Ben Ginsburg, Inc.....	500 7th Ave., New York, N. Y.
Aaron Goldstein Co., Inc.....	530 7th Ave., New York, N. Y.
Louis Goldstein Co., Inc.....	512 7th Ave., New York, N. Y.
Grossman & Splegel, Inc.....	512 7th Ave., New York, N. Y.
Phillip Mangone & Co., Inc.....	500 7th Ave., New York, N. Y.
Monte, Sans & Pruzan, Inc.....	21 West 46th St., New York, N. Y.
Zuckerman & Kraus, Inc.....	512 7th Ave., New York, N. Y.

JUNIOR MISS MEMBERS

Louis Kallish and Max Rosenbluth (copartners trading as Arkay Junior Frocks).....	498 7th Ave.
Ashley Frocks, Inc.....	1400 Broadway.
J. H. Horwitz and Joseph M. Duberman (copartners trading as Horwitz & Duberman).....	498 7th Ave.
Jane Junior Dresses, Inc.....	1400 Broadway.
Joanne, Jr., Zinn Bros., Inc.....	1400 Broadway.
Junior League Frocks, Inc.....	1372 Broadway.
Louise Mulligan, Inc.....	498 7th Ave.
Ira Rentner-Miller, Inc.....	498 7th Ave.

(All of the above-named are located in New York, N. Y.)

TEXTILE ASSOCIATES

Amrein, Freudenberg & Co., Inc.....	14 East 38th St.
Bianchini, Ferlier, Inc.....	663 5th Ave.
Bloomsburg Silk Mill, Inc.....	525 7th Ave.
Sidney Blumenthal & Co., Inc.....	1385 Broadway.
Brueck & Richards, Inc.....	280 Madison Ave.
Case & Co., Inc.....	220 West 40th St.
Chatillon, Mouly, Roussel, Inc.....	608 5th Ave.
Cheney Bros., Inc.....	1412 Broadway.
Comblor & Co., Inc.....	58 West 40th St.
Coudurier, Frustus & Devigne, Inc.....	1441 Broadway.
Descours, Genthen, Inc.....	58 West 40th St.
Croydon Fabrics, Inc.....	1441 Broadway.
Silk Guild of America, Inc.....	1441 Broadway.
F. DuCharne Silk Co., Inc.....	244 Madison Ave.
Empire Silk Co. (Incorporated).....	180 Madison Ave.
Cohn Hall-Marx Co. Inc.....	1412 Broadway.
The Forstman Woolen Co. (Incorporated).....	350 5th Ave.
Frank Associates, Inc.....	1412 Broadway.
Theodore J. Gallagher, Inc.....	58 West 40th St.
Hess, Goldsmith & Co., Inc.....	1400 Broadway.
L. J. Hyams & Jane Hyams (copartners).....	108 West 39th St.
Kandelaft Silks, Inc.....	1441 Broadway.
Lace Net Importing Co., Inc.....	244 Madison Ave.
Maginnis & Thomas, Inc.....	411 5th Ave.
H. B. Mallinson & Co., Inc.....	119 West 40th St.
Menke Kaufman & Co.....	119 West 40th St.

Onondaga Silk Co., Inc.	1412 Broadway.
Wm. C. Openhym	1441 Broadway.
Remond-Holland, Inc.	663 5th Ave.
L. & E. Stirn, Inc.	1400 Broadway.
Stunzi Sons Silk Co., Inc.	1400 Broadway.
Susquehanna Silk Mills (Inc.)	498 7th Ave.
Schwarzenbach, Huber, Inc.	498 7th Ave.
J. A. Wagenbauer, Inc.	545 5th Ave.
Wahnetah Silk Co., Inc.	119 West 40th St.
Wechaler Silk Corp.	498 7th Ave.
Zellinger & Schreth, Inc.	50 West 40th St.
J. J. & N. Blackstone, Inc.	58 West 40th St.
Dutschler, Trull & Justin, Inc.	570 7th St.
Ellen Lace & Embroidery Co., Inc.	1441 Broadway.
L. H. Hollander	101 West 37th St.
Ikle Freres & Co., Inc.	22 West 38th St.
Herbert Lehman, Inc.	47 West 34th St.
Lido Embroidery, Inc.	
Maison France, Inc.	101 West 37th St.
Record Lace & Embroidery Co., Inc.	1270 Broadway.
Swiss Novelty Embroidery Co., Inc.	108 West 39th St.
Walter Tobler & Franz Hoenig (copartners)	250 West 40th St.
Sol Wolfman, Inc.	1457 Broadway.

SPORTS WEAR MEMBERS

Adler & Adler, Inc.	550 7th Ave.
Davidow, Inc.	550 7th Ave.
David M. Goodstein, Inc.	550 7th Ave.
Kane-Weill, Inc.	498 7th Ave.
Joseph Levay, Inc.	498 7th Ave.
J. A. Livingston, Inc.	498 7th Ave.
David N. Lowenthal & Son, Inc.	550 7th Ave.
Mutual Rosenbloom Corporation	498 7th Ave.
Charles W. Nudelman, Inc.	550 7th Ave.
Zoltan Rosenberg & Theodore Rosenberg (copartners)	550 7th Ave.
Sport Kraft, Inc.	1350 Broadway.
Star Maid Dresses, Inc.	498 7th Ave.
Sam Steinberg & Co., Inc.	498 7th Ave.
Townley Frocks, Inc.	498 7th Ave.

(All of the above-named are located in New York, N. Y.)

PROTECTIVE AFFILIATES

Aywon Dress Co., Inc.	1400 Broadway.
L. & D. Bellinson, Inc.	1400 Broadway.
Daytime Frocks, Inc.	525 7th Ave.
F. E. D. Dress Co., Inc.	1400 Broadway.
Harry Frank	1400 Broadway.
Friedman Dress Co., Inc.	1400 Broadway.
Goldman Frocks Co., Inc.	1400 Broadway.

Findings

28 F. T. C.

International Dress Co., Inc.	1400 Broadway.
Jomark Dresses, Inc.	1400 Broadway.
Joe Levine Dress Co., Inc.	1400 Broadway.
Parisian Mfg. Co., Inc.	1400 Broadway.
C. H. D. Robbins Co., Inc.	1375 Broadway.
Rosen Bros. Frocks, Inc.	1400 Broadway.
Sheila-Lynn Dresses, Inc.	1400 Broadway.
Silver Dresses, Inc.	1400 Broadway.
David S. Westheim Corp.	1400 Broadway.
Witlin & Schneider, Inc.	1400 Broadway.
Anderman-Bob Burns, Inc.	1385 Broadway.
Bernard Appel, Inc.	498 7th Ave.
Grace Ashley	743 5th Ave.
Bon Ray Dance Frocks, Inc.	134 West 37th St.
Capri Frocks, Inc.	1372 Broadway.
Casino Dresses, Inc.	530 7th Ave.
Cohen Tunick, Inc.	525 7th Ave.
Dalton Frocks, Inc.	1372 Broadway.
Sam Davidson, Inc.	1400 Broadway.
Dresden Dress Co., Inc.	1400 Broadway.
Fashion Wear Dress Co., Inc.	1400 Broadway.
Franklin Dress Co., Inc.	318 West Adams, Chicago, Ill.
Ginsburg & Abelson, Inc.	1400 Broadway.
Alexander S. Gross, Inc.	498 7th Ave.
Lee Claire Costumes, Inc.	525 7th Ave.
Lyla Modes, Inc.	1400 Broadway.
Lyttle Bros., Inc.	1400 Broadway.
E. N. Marcus	1400 Broadway.
Matty Moskowitz, Inc.	530 7th Ave.
Parnis-Levinson, Inc.	530 7th Ave.
Patricia Perkins, Inc.	Los Angeles, Calif.
Radiant Dress Co., Inc.	525 7th Ave.
Reich-Goldfarb & Co., Inc.	530 7th Ave.
L. C. Rosenblatt, Inc.	1440 Broadway.
Schultze-Zuch, Inc.	525 7th Ave.
Stern & Goldberg, Inc.	525 7th Ave.
Will Steinman, Inc.	525 7th Ave.
Valroy, Inc.	491 7th Ave.
Phil Zahn & Co., Inc.	1400 Broadway.

(All the above-named except the two otherwise shown, are located in New York, N. Y.)

Bretter & Sussman, Inc.	1375 Broadway.
Campus Modes, Inc.	1400 Broadway.
Flo-Frocks, Inc.	1385 Broadway.
George Hess Co., Inc.	1385 Broadway.
Junior Fashion Guild, Inc.	498 7th Ave.
Michael Kaplan & M. Kaplan (copartners) (trading as Mike Kaplan Dresses).	1400 Broadway.

Wein Frocks, Inc.....	1375 Broadway.
Abbate-Swift, Inc.....	1385 Broadway.
Argosy Dresses, Inc.....	1385 Broadway.
Cecele Dance Frocks, Inc.....	1384 Broadway.
Garland Dress Co., Inc.....	1400 Broadway.
B. Tobias, Inc.....	498 7th Ave.
Samuel Lipman, Herman Lipman and Julius Lipman (copartners).	1400 Broadway.
Marie Lynn Dance Frocks, Inc.....	1384 Broadway.
Rosenthal & Kallman, Inc.....	1400 Broadway.

(All of the above are located in New York, N. Y.)

PAR. 2. Respondent Michigan Avenue Guild of Chicago is a membership corporation organized under the laws of the State of Illinois, on April 27, 1932. Its headquarters are located at 669 North Michigan Avenue, Chicago, Ill. The membership of this corporation is composed of approximately 75 retail dealers in women's wearing apparel, whose places of business are located in Chicago, Illinois. Its officers in 1936 were

Guy L. Ederheimer, president.
 Frank L. Cole, vice president.
 Edward A. Fletcher, secretary.
 L. R. Pearson, treasurer.

George M. Gleason was president in 1935.

Its Board of Directors in 1936 consisted of the following:

Harry Blum.	Leo Bramson.
Frank L. Cole.	Guy L. Ederheimer.
Louis Gossert.	M. E. Greenebaum.
A. E. Levitt.	Sally K. Greenebaum.
Bernard Rose.	E. R. Lindburg.

The following named persons were members of its Board of Directors in 1935:

George M. Gleason.	Herman Friedman.
Clarence A. Powell.	Elise A. Runyan.

PAR. 3. Respondent Minneapolis Fashion Guild is an unincorporated membership association, having its headquarters in Minneapolis, Minn. Roy H. Bjorkman is the executive secretary of this association and dominates and controls its activities. The association has no other officers or directors. Approximately nineteen dealers in women's wearing apparel whose places of business are located in Minneapolis, Minn., comprise the membership of this association.

PAR. 4. Respondent Ladies' Ready-to-Wear Guild of Baltimore, Inc., is a membership corporation organized under the laws of the

State of Maryland. The following-named persons comprise the officers and directors of this corporation:

Charles G. Hutzler, president and director.
Allen S. Metzger, vice president and director.
C. F. Roycroft, secretary.
Fred H. Alperstein, director.
William Pollock, director.
Lester Bonwit, director.
Martin B. Kohn, director.
Albert D. Slesinger, director.
J. E. Ellington, director.
Sam J. Schleisner, director.
Hal W. Kenaston, director.

The membership of this respondent corporation is composed of approximately 40 retail dealers in women's garments whose places of business are located in Baltimore, Md.

PAR. 5. Respondent National Federation of Textiles, Inc., is a membership corporation organized under the laws of the State of Connecticut. Its principal office is located at 10 East Fortieth Street, in the City and State of New York. Peter Van Horn is the president of this corporation and Irene L. Blunt is its secretary.

The membership of this corporation consists of approximately 100 manufacturers, converters, dyers, and printers of silk and rayon fabrics.

PAR. 6. Approximately 12,000 retail dealers in women's garments, located at various places throughout the United States cooperate with the respondent F. O. G. A. in carrying out its hereinafter described programs, policies, and practices, and have signed declarations of cooperation which will be hereinafter described. It is impracticable to name all of said cooperating retailers as respondents, but the following named respondents are representative of the whole:

Marshall Field & Co.—a corporation organized under the laws of the State of New York and having its principal place of business at 222 North Bank Drive, in the city of Chicago, State of Illinois. John McKinley is president of this corporation; Ernest L. Olrich is its secretary; and Horace A. Wetmore is its treasurer.

Allied Stores Corporation—a corporation organized under the laws of Delaware, and having its principal place of business at 85 Ellison Street, Paterson, N. J. D. Earl Pluckett is its president and A. C. Hallam is its secretary and treasurer.

Findings

The Lindner Co'y (designated in the complaint as Linder Co.)—a corporation organized under the laws of the State of Ohio and having its principal place of business at Euclid Avenue and East Fourteenth Street, in the city of Cleveland and State of Ohio. Max Gordon is its president and Edward Schwarz is its secretary.

Joseph Horne Co. (designated in the complaint as Horne Co.)—a corporation organized under the laws of the State of Pennsylvania and having its principal place of business on Pennsylvania Avenue and Stanwix Street, in the city of Pittsburgh, Pa. A. M. Burchfield is its president and W. M. Friesell is its secretary and treasurer.

Mandel Bros., Inc.—a corporation organized under the laws of the State of Delaware and having its principal place of business at 1 North State Street, in the City of Chicago, State of Illinois. Edwin F. Mandel is its president and Sam J. Altheimer is its secretary.

John Wanamaker, Philadelphia—a corporation organized under the laws of the State of Pennsylvania, and having its principal place of business in the city of Philadelphia, State of Pennsylvania. William L. Nevin is its president and Henry H. Funk is its secretary.

Lit Bros., Inc. (designated in the complaint as Lit Bros.)—a corporation organized under the laws of the State of Pennsylvania and having its principal place of business in the city of Philadelphia, State of Pennsylvania. G. H. Johnson is its president and A. T. Hild is its assistant secretary.

Bullocks', Inc.—a corporation organized under the laws of the State of Delaware, having its principal place of business located at Hill and Seventh Streets in the city of Los Angeles, State of California. F. G. Winnett is its president and M. E. Arnett is its secretary.

The Emporium Capwell Corporation (named in the complaint as Emporium Capwell Corporation)—a corporation organized under the laws of the State of Delaware, and having its principal place of business at 835 Market Street in the city of San Francisco, State of California. Joel W. Kaufman is its vice president, secretary, and treasurer. This corporation owns all the common stock of the Emporium, a California corporation which owns and operates the Capwell Department Store, located in Oakland, Calif., and the Emporium Department Store, located in San Francisco, Calif.

J. L. Hudson Co.—a corporation organized under the laws of the State of Michigan and having its principal place of business located in the city of Detroit, State of Michigan. Oscar Weber is its vice president and general manager.

In a number of instances these cooperating retail dealers, at the request of the F. O. G. A., have contributed to its fund to be used in defraying the expenses incident to the effectuation of its programs and policies, and such contributing retail dealers are designated by the F. O. G. A. as retail contributing members.

PAR. 7. The members of the F. O. G. A. and the National Federation of Textiles, Inc., sell and ship their products to dealers located in States other than those in which said members are located, and in so doing, are in competition among themselves and with other manufacturers who likewise sell and ship similar products.

PAR. 8. The garment-manufacturing members of the F. O. G. A. are a dominant factor in the women's garment manufacturing industry, and their products are in such demand by the trade and the purchasing public that all retail dealers in women's garments, in order to meet competition and the demand of the consuming public, are compelled to stock and handle some of the lines manufactured by said F. O. G. A. members. The combined sales of the members of the F. O. G. A. in 1936 constituted 38.8 percent of the total sales of women's garments in the United States in the wholesale price range of \$6.75 and up, and 83.99 percent in the wholesale price range of \$10.75 and up.

PAR. 9. Respondent F. O. G. A. was organized in March 1932 by approximately 15 manufacturers of women's garments which sold at wholesale for from \$29.50 up. Manufacturers of lower-priced garments were admitted from time to time, and by the fall of 1935 the membership included manufacturers in the price range of from \$6.75 up. After the F. O. G. A. was organized, it was decided to include in its membership manufacturers of textiles used in the women's garment manufacturing industry. By April 16, 1936, the membership of this respondent consisted of 176 manufacturers of women's garments and 49 manufacturers, converters, dyers, and printers of textiles.

Respondent F. O. G. A. was organized primarily for the purpose of preventing the copying for sale in commerce of alleged original creations in fashions and styles of women's garments. The program was later expanded to cover designs of textiles used in the manufacture of women's garments. This respondent from time to time enlarged its original program to cover other practices and policies which will be hereinafter set forth.

PAR. 10. Respondent F. O. G. A., in furtherance of its objectives, sought and secured the cooperation of the three respondent local guilds, Michigan Avenue Guild of Chicago, Minneapolis Fashion Guild, and Ladies' Ready-to-Wear Guild of Baltimore, Inc. Each of these guilds entered into an agreement with the F. O. G. A., by the terms of which the F. O. G. A. agrees that its members will not sell their products in the cities in which said local guilds are located to retailers who are not members in good standing of said local guilds, or who do not conform to their standards and regulations; that they will not sell at retail to individual consumers or to persons conducting their business in residences, residential quarters, or in hotels or apartment buildings; that they will not conduct off-price promotion sales or clearance sales prior to the dates fixed by the local guild; that they will not sell to any member of the local guild who shall violate any of the provisions of the agreement until such member is restored to good standing in the local guild; that if any of its members shall breach any of the provisions of this agreement they will be suspended from membership.

The respective local guilds agree that their members will not purchase from manufacturers who do not conform to the standard of ethics and the regulation of the F. O. G. A.; that they will not knowingly buy or sell copies of legitimately registered styles and will return any such copies as are found in their stock; that they will accept the decision of the "style piracy" division of the F. O. G. A. on all questions of alleged design piracy; that they will stamp all their orders for merchandise with the warranty clause formulated by the F. O. G. A., which clause is as follows:

This order is placed upon the seller's warranty that the above garments are not copies of styles originated by members of the Fashion Originators Guild of America, Inc. The purchaser reserves the right to return any merchandise which is not as warranted.

Each of the respondent local guilds agrees that it will suspend from membership any member who shall violate any of the provisions of the agreement; that its members will refrain from purchasing from any member of the F. O. G. A. who shall violate any of the provisions of this agreement until such time as such member shall be restored to membership in good standing of the F. O. G. A.

The terms of these agreements were fulfilled by the F. O. G. A. and its members, and by the respective local guilds and their members.

PAR. 11. Respondent F. O. G. A., in 1933, determined that its objectives would be best accomplished by securing the cooperation of individual retail dealers in women's garments in territories which

had no local guilds, and to this end, it distributed to retail dealers throughout the United States copies of what it termed a "Declaration of Cooperation," for the signature of the retailer. It is stated in this Declaration of Cooperation that the retailer will not buy any copies of merchandise created by members of the F. O. G. A.; that he will abide by the decision of the "piracy committee" of the F. O. G. A., and return such garments as are adjudged to be copies of the Guild's registered styles, and will cooperate with the F. O. G. A. to the fullest extent in helping it to remove such copies from the market; that he will furnish the F. O. G. A. with such information in his possession as it may desire; that he will affix to all of his apparel orders the warranty clause formulated by the F. O. G. A., which is set forth in paragraph 10 hereof.

At first the F. O. G. A. attempted to secure the voluntary cooperation of the retailers and their signatures to the declaration of cooperation by representing the advantages to be derived from such cooperation; later, after having secured a number of voluntary signatures to this "declaration," the F. O. G. A., coerced, constrained, and compelled retail dealers to sign such declarations of cooperation under the threat that unless they did so, its members would refuse to sell them their products or to allow them to inspect their lines of merchandise. The garment-manufacturing members of the F. O. G. A. have refused and do refuse to exhibit or sell their merchandise to retailers who fail or refuse to sign said declarations of cooperation, or who, having signed same, fail to comply with the requirements thereof.

As a result of the coercive activities of the F. O. G. A., approximately 12,000 retail dealers, including those specifically mentioned in paragraph 6 hereof, had signed such declarations of cooperation and returned same to the F. O. G. A. by the end of 1935. The retailers who signed these declarations thereafter refused to purchase garments which were determined by the F. O. G. A. to be copies of original registered styles or designs of its members, and the terms of the declaration were generally complied with by the signers thereof. In some instances, however, signers of these declarations of cooperation failed or refused to comply with the terms of such declaration of cooperation, in which instances the members of the F. O. G. A., in accordance with the requirement of the F. O. G. A., refused to sell or exhibit their merchandise to such noncomplying retailers. The majority of the 12,000 retail dealers in women's garments referred to in paragraph 6 hereof signed such declarations of cooperation as a result of the threat of the F. O. G. A. that its members would sell their products only to those merchants who signed the declaration of cooperation.

The respondent, F. O. G. A., after it had secured the cooperation of a large number of retail dealers, sought to, and did, induce many retailers not only to refuse to purchase alleged copies of original designs of its members, but also to refuse to purchase any of their requirements from manufacturers who copied original styles or designs of members of the F. O. G. A.

PAR. 12. The F. O. G. A., as a part of its program, in 1933 instituted its Design Registration Bureau for the registration of alleged original designs and styles of its women's garment-manufacturing members. Blank application forms were furnished the members, on which description was entered of the design and style of the garment to be registered, and members were required to submit a sketch of the garment with such form, together with an affidavit setting forth that the garment sought to be registered was an original design created by the applicant. Each registration was stamped and numbered, but such registration raised no presumption that the registered garment was, in fact, the original design of the registrant, but merely fixed the date when such claim was made.

PAR. 13. The F. O. G. A. from time to time appoints what it designates as a "piracy committee," to determine whether the garments alleged to be copies of styles and designs registered by its members as original creations are such in fact. The piracy committee notifies both parties to the controversy as to the time and place of hearing, and both the garment claimed as original and its alleged copy are before the committee. After the hearing, the committee makes its determination, and if adverse to the alleged copyist, he has the right of appeal to certain other successive committees, as provided. When the challenged party has exhausted the appeals in such case provided, the status of the garment is fixed.

PAR. 14. The F. O. G. A. employs in the principal cities throughout the country persons designated as "shoppers," who visit the stores of cooperating retail dealers for the purpose of examining their stocks, to determine and report as to whether they contain garments declared by the piracy committee of the F. O. G. A. to be copies of registered designs or styles of its members. When such copies are discovered by the shoppers, they request the retailer to remove the same from sale, and failure to do so is reported by the shopper to the F. O. G. A. These shoppers also visit the stores of noncooperating retail dealers, without disclosing their identity, for the purpose of ascertaining whether such merchants have on sale copies of alleged original designs and styles of F. O. G. A. members, and if such are found, it is reported to the F. O. G. A.

PAR. 15. The F. O. G. A., in order to provide an effective means of preventing the purchase by retail dealers of alleged copies of original styles and designs registered by its members, inaugurated and maintains a card-index system by which the names of cooperating retailers who have signed the declaration of cooperation are each entered on a white card, duplicates of which are sent to each member of the F. O. G. A., and such members are prohibited from selling to any retail merchant whose name is not so carded. The names of retailers who fail or refuse to sign the declaration of cooperation, or who, having signed, fail or refuse to take off sales garments adjudged by the piracy committee of the F. O. G. A. to be copies of registered original designs of an F. O. G. A. member, are entered on a red card, a duplicate of which is sent to each member of the F. O. G. A., and upon receipt of same, the member, in compliance with the regulations and requirements of the F. O. G. A., refuses to sell such red-carded retailer. The F. O. G. A. also distributes among its members lists of retailers who have failed or refused to sign the declaration of cooperation, or who, having signed same, fail or refuse to remove from sale copies of alleged original styles or designs registered by its members, or who fail to comply with the rules and regulations of the F. O. G. A., with instructions that members receiving such lists are not to sell their merchandise to persons whose names appear thereon, and its members thereafter refuse to sell such persons. The red-carded list, on March 20, 1936, contained the names of over 400 retail dealers located at various places throughout the United States. The F. O. G. A. has also red-carded retailers who refuse to disclose the names of the manufacturer from whom they purchased alleged copies, even though such retailers removed the alleged copies from sale.

PAR. 16. The respondent National Federation of Textiles, Inc., maintains a clearing-house for the registration of textile designs, under the name Industrial Design Registration Bureau. This bureau is available to members and nonmembers of said respondent corporation. The F. O. G. A. designated this bureau as the official registration bureau of its textile members, and the garment-manufacturing members and the textile members of the F. O. G. A. entered into an agreement that the former would not buy textiles which were not registered in said bureau, and the latter agreed to sell only to those garment manufacturers who became parties to said agreement. The agreements were and are kept by said members.

PAR. 17. Respondent National Federation of Textiles, Inc., on December 23, 1935, placed an advertisement in a trade journal, notifying manufacturers and converters of textiles used in the women's garment manufacturing industry that members of the F. O. G. A.

and other manufacturers of women's garments who were not members of the F. O. G. A., had signed pledges to use only textile designs which had been registered in the Industrial Design Registration Bureau of the National Federation of Textiles, Inc.

PAR. 18. On December 28, 1933, the F. O. G. A. passed a resolution that, as a means of preventing style piracy, its members would not buy from textile manufacturers who sold to retailers who entered into agreements with manufacturers to manufacture styles, and that they would not sell to retailers who resort to this practice.

PAR. 19. On September 13, 1933, the board of governors of the F. O. G. A., by resolution, prohibited its members from participating in any manner whatsoever in any retail advertising, and fixed expulsion from the organization as the penalty for violation thereof; and the members of the F. O. G. A. have complied and do comply with the terms of this resolution.

PAR. 20. On June 10, 1935, the F. O. G. A. adopted a resolution that none of its members should allow or give any discount in excess of "8-10 e. o. m."

PAR. 21. The F. O. G. A., on June 10, 1935, adopted a resolution prohibiting its members from selling at retail, and thereafter its members refused to make retail sales.

PAR. 22. The F. O. G. A. cooperated with the Ladies' Ready-to-Wear Guild of Baltimore Inc., in its attempt to prevent special sales except upon days designated by said Baltimore Guild.

PAR. 23. In compliance with the policy and program of the F. O. G. A., its members refuse to sell their women's garments to persons who conduct business in residences, residential quarters, hotels, or apartment houses.

PAR. 24. In the event a retailer fails to obey the rule of the F. O. G. A. which prohibits retailers participating with dress manufacturers in promoting fashion shows unless the merchandise used therein be actually purchased and delivered, the F. O. G. A. refuses to continue its affiliation with such retailer and denies to him all the privileges resulting from such affiliation.

PAR. 25. In compliance with the policy and program of the F. O. G. A., its members refrain from participating in fashion shows sponsored by retailers.

PAR. 26. The F. O. G. A. employs auditors who audit the books of its members to ascertain whether they are selling red-carded retailers or violating any of the regulations, policies, or programs of the F. O. G. A.

PAR. 27. The F. O. G. A. collects fines which it imposes on its members who are shown by its auditor's reports, or otherwise, to have

Findings

28 F. T. C.

sold red-carded retailers, or to have violated any of its policies or programs. A fine of \$1,500 was collected from one member, and the F. O. G. A. notified its membership that a fine of \$5,000 would be assessed by it in case of future violation.

PAR. 28. Retail dealers in women's garments who have failed or refused to cooperate with the F. O. G. A., or who, having signed its declaration of cooperation, have failed or refused to remove from sale garments declared by the F. O. G. A. to be copies of registered original designs or styles of its members, have been occasioned loss of good will and great financial loss by the refusal of garment-manufacturing members of the F. O. G. A. to sell them their merchandise.

PAR. 29. Manufacturers of women's garments who sell their products in interstate commerce and who are not members of the F. O. G. A. have been occasioned great financial loss, due to the return by retail dealers, in compliance with the requirements of respondent F. O. G. A., of garments declared by said respondent to be copies of registered original styles or designs of its members.

PAR. 30. Respondent F. O. G. A. has induced and constrained retail dealers to refrain from purchasing any of their requirements from manufacturers declared by it to be confirmed copyists, and as a result, such manufacturers have suffered great financial loss.

PAR. 31. All of the respondents, during the period of time, to wit, from March 7, 1932, to April 16, 1936, by cooperating with each other in the conduct and consummation of the policies and programs of the respondent F. O. G. A., and pursuant to understandings, arrangements, agreements, combinations, and conspiracies entered into jointly and severally by them, and by reason of the policies and programs in pursuance thereof, have produced and caused the following conditions and effects:

(a) Prevented competitors of members of the F. O. G. A. and the National Federation of Textiles, Inc., from making sales of their products and shipments thereof in interstate commerce, and, as a result, competition in interstate commerce in the sale and shipment of women's garments and textiles used in the manufacture thereof has been substantially lessened, hindered, and suppressed.

(b) Prevented retail dealers in women's garments, located throughout the United States, from buying their requirements from manufacturers boycotted by the respondent F. O. G. A., and as a result, competition in interstate commerce in the purchase and sale of women's garments has been substantially lessened, hindered and suppressed.

(c) Respondents F. O. G. A. and the National Federation of Textiles, Inc., have obtained and have exercised control over the business practices of a majority of the manufacturers and distributors of women's garments and the textiles used in the manufacture thereof, and have the power to exclude from the industry those manufacturers and distributors who do not conform to the rules and regulations of said respondents, and thus tend to create in themselves a monopoly in the said industries.

(d) Constrained, coerced, and compelled retail dealers in women's garments throughout the United States to declare their intention to cooperate with the F. O. G. A. in its policies and programs by signing the declaration of cooperation submitted by the F. O. G. A.

(e) Caused retail dealers in women's garments who failed or refused to sign the declaration of cooperation of the F. O. G. A., or who, having signed same, failed to remove from sale garments found by the F. O. G. A. to be copies of styles or designs registered as original creations of its members, to suffer great financial loss and loss of good will because of the refusal of members of the F. O. G. A. to sell their merchandise to such retailers.

(f) The F. O. G. A. fixes the amount of discounts to be given by its garment-manufacturing members to retail dealers.

(g) Garment-manufacturing members of the F. O. G. A. refuse to sell their merchandise at retail, or to persons conducting business in residences, residential quarters, hotels, or apartment houses.

(h) The F. O. G. A. prohibits its garment-manufacturing members from participating in fashion shows conducted by retailers.

(i) The F. O. G. A. prevents its garment-manufacturing members from subsidizing retail advertising.

(j) The F. O. G. A. exacts fines from its garment-manufacturing members for violation of its policies and programs.

(k) Garment-manufacturing members of the F. O. G. A. refuse to buy from textile manufacturers that sell to retailers who enter into agreements with manufacturers to manufacture styles.

(l) Garment-manufacturing members of the F. O. G. A. refuse to sell to retail dealers who enter into contracts with manufacturers to manufacture styles.

(m) Textile members of the F. O. G. A. refuse to sell their products to manufacturers who enter into agreements with retail dealers to manufacture styles.

(n) Garment-manufacturing members of the F. O. G. A. refuse to purchase textiles from manufacturers thereof who do not register their designs with the Industrial Design Registration Bureau of the National Federation of Textiles, Inc.

Order

28 F. T. C.

(o) Textile members of the F. O. G. A. refuse to sell their products to manufacturers who do not agree to purchase only from textile manufacturers who register their designs with the Industrial Design Registration Bureau of the National Federation of Textiles, Inc.

(p) Garment-manufacturing members of the F. O. G. A. refuse to sell to retail dealers in Chicago, Ill., Minneapolis, Minn., and Baltimore, Md., who are not members of the local guild of said respective cities, or who do not conform to the rules and regulations of said respective guilds; and members of said respondent local guilds confine their purchases of women's garments to members of the F. O. G. A. and those manufacturers who conform to the regulations, programs and policies of the F. O. G. A.

CONCLUSION

The acts, policies, and practices of the respondents, as set forth in the foregoing findings as to the facts, under the circumstances therein set forth, are to the prejudice of the public and of respondents' competitors, and constitute unfair methods of competition in commerce, and tend to create a monopoly, within the intent and meaning of the Federal Trade Commission Act.

ORDER TO CEASE AND DESIST²

This proceeding having been heard by the Federal Trade Commission upon the complaint of the Commission, the answer of the respondents, the testimony and other evidence taken before John W. Bennett, Edward M. Averill and Charles F. Diggs, respectively, examiners of the Commission theretofore duly designated by it, and briefs filed herein and oral arguments by counsel, and the Commission having made its findings as to the facts and its conclusion that said respondents have violated the provisions of the Federal Trade Commission Act.

It is ordered, That the respondents, Fashion Originators Guild of America, Inc., its officers,

Maurice Rentner, president, treasurer and member of its board of governors.

Herbert Sondheim, first vice president and member of its board of governors.

² Order published as modified by Commission order dated March 29, 1939, which eliminated from the original cease and desist order the following paragraph, to wit:

"(a) To refuse to sell their textile products to manufacturers of women's garments who fail or refuse to agree that they will not purchase any of their requirements from textile manufacturers who do not register their designs in the Industrial Design Registration Bureau of the National Federation of Textiles, Inc." (See p. 473.)

Charles Gumprecht, second vice president and member of its board of governors.

J. A. Livingston, treasurer and member of its board of governors.

Albert M. Post, executive director.

James M. Golby, executive secretary.

and their successors;

William Bass.

Louis J. Brenner.

Jo Copeland.

William Fox.

Joseph Halpert.

Charles Miller.

Kallman Carmel.

David M. Goodstein.

David Bender.

Theodore Racoosin.

Charles Lang.

Samuel Kass.

D. Eli Lahm.

Louis M. Wersba.

Leo Del Monte.

Matthew Kane.

Louis J. Mallas.

and their successors, members of its board of governors;

Austin M. DeLisser, executive secretary of the Textile Merchants Group of the Fashion Originators Guild of America, Inc., and E. W. Freudenberg, Samuel Levine, and E. E. Meyer, and their successors, members of its steering committee, and the following named members of the Fashion Originators Guild of America, Inc.:

Aldrich & Malvin, Inc.

Charles Armour & Bros., Inc.

Joseph & Ben Barnett, Inc.

William Bass Dress Corp.

Bender & Hamburger, Inc.

Brenner, Joseph & White, Inc.

Hattie Carnegie, Inc.

Lewis Cohn, Inc.

David Crystal, Inc.

Anna Duke, Inc.

Feigenbaum & Adelson, Inc.

Herman Floersheimer & Bro., Inc.

Louise Barnes Gallagher, Inc.

Garfinckel & Siegel, Inc.

A. Goodman & Co., Inc.

Julius Grossman & Fred Greenberg Dress Co., Inc.

Charles Groden, Inc.

Max Helt Dress Corp.

Myron Herbert & Charles Cooper, Inc.

Virginia Hume & Gold, Inc.

Kallman & Morris, Inc.

Samuel Kass Gowns, Inc.

Charles Kondazian & Papaz, Inc.

Charles Lang, Inc.

Lenkowsky Modes, Inc.

Milton Altmark, Inc.

Arons, Bernstein & Arons, Inc.

Rose, Barrack & Lahm, Inc.

Herman Beispel, Inc.

Blotta & Conti, Inc.

Brenner, Morris, Inc.

Clifford Salkin, Inc.

Jo Copeland, Inc.

Dolces Dressing, Inc.

Eta, Inc.

Pauline Fields, Inc.

Henry Ganz, Inc.

Gardner & Schwartz, Inc.

Ed Garrick & Co., Inc.

Joseph Greenberg-Bettina, Inc.

Joseph Halpert, Inc.

Jack Herzog & Bro., Inc.

E. A. Jackson-Bienard, Inc.

Kaplan & Moskowitz, Inc.

Kiviette, Inc.

Kornhauser Gowns, Inc.

LaRue Dresses, Inc.

Mary Lee Frocks, Inc.

Mary Liotta, Inc.

H. Milgrim & Bros., Inc.

Jennie Moskowitz, Inc.

Nomis Dress Co., Inc.

Pattulo Modes, Inc.

Ben Relg, Inc.

Order

28 F. T. C.

Nettie Rosenstein Gowns, Inc.
 Rudolf Gowns, Inc.
 J. M. Silverman Dresses, Inc.
 Herbert Sondheim, Inc.
 Frank Starr Friedlander, Inc.
 Suttre-Fox, Inc.
 John Traina, Inc.
 Fred A. Block, Inc.
 H. N. Fried.
 Lang-Kohn Mfg. Co.
 Robinson Bros., Inc.
 Dartmoor Coat Co., Inc.
 Ben Gershel & Co., Inc.
 Ben Ginsberg, Inc.
 Aaron Goldstein Co., Inc.
 Grossman & Spiegel, Inc.
 Monte, Sans & Pruzan, Inc.
 Louis Kallish.
 Ashley Frocks, Inc.
 Joseph M. Duberman
 Joanne, Jr. Zinn Bros., Inc.
 Louise Mulligan, Inc.
 M. A. Litvin, Inc.
 Germaine Montell, Inc.
 Nanty Frocks, Inc.
 Paul Parnes, Inc.
 Perles & Gilbert, Inc.
 Maurice Rentner, Inc.
 James J. Rothenberg, Inc.
 Ruffolo Bros., Inc.
 Somay, Inc.
 Spectator Sports, Inc.
 Straus-Miller, Inc.
 A. Traina Gowns, Inc.
 B. G. Garment Co., Inc.
 S. Eisenberg
 Junior Guild Frocks, Inc.
 Matthew Kadetsky Co.
 Carmel Bros., Inc.
 Deitsch, Wersba & Coppola, Inc.
 Del Monte Hickey Co., Inc.
 Louis Goldstein Company, Inc.
 Phillip Mangone & Co., Inc.
 Zuckerman & Kraus, Inc.
 Max Rosenbluth
 J. H. Horwitz
 Jane Junior Dresses, Inc.
 Junior League Frocks, Inc.
 Ira Rentner-Miller, Inc.
 Amrein Freudenberg & Co., Inc.
 Bloomsburg Silk Mill, Inc.

Brueck & Richards, Inc.
 Chatillon, Mouly, Roussel, Inc.
 Comblér & Co., Inc.
 Coudurier, Frustus & Devigne,
 Inc.
 Silk Guild of America, Inc.
 Empire Silk Co. (Inc.)
 The Forstman Woolen Co.
 (Inc.)
 Theodore J. Gallagher, Inc.
 L. J. Hyams
 Kandelaft Silks, Inc.
 Maginnis & Thomas, Inc.
 Menke Kaufman & Co.
 Wm. C. Openbym
 L. & E. Stirn, Inc.
 Blanchini, Ferrier, Inc.
 Sidney Blumenthal & Co., Inc.
 Case & Co., Inc.
 Cheney Bros., Inc.
 Descours, Genthon, Inc.
 Croydon Fabrics, Inc.
 F. DuCharne Silk Co., Inc.
 Cohn-Hall-Marx Co., Inc.
 Frank Associates, Inc.
 Hess, Goldsmith & Co., Inc.
 Jane Hyams
 Lace Net Importing Co., Inc.
 H. B. Mallinson & Co., Inc.
 Onondaga Silk Co.
 Remond-Holland, Inc.
 Stunzl Sons Silk Co., Inc.
 Susquehanna Silk Mills (Inc.).
 J. A. Wagenbauer, Inc.
 Wechaler Silk Corp.
 J. J. & N. Blackstone, Inc.
 Ellen Lace & Embroidery Co.,
 Inc.
 Ikle Freres & Co., Inc.
 Lido Embroidery, Inc.
 Record Lace & Embroidery Co.,
 Inc.
 Walter Tobler
 Franz Hoenig
 Schwarzenbach, Huber, Inc.
 Wahnetah Silk Co., Inc.
 Zellinger & Schreth, Inc.
 Dutschler, Trull & Justin, Inc.
 L. H. Hollander
 Herbert Lehman, Inc.
 Maison France, Inc.

Swiss Novelty Embroidery Co.,
Inc.

Sol Wolfman, Inc.

Adler & Adler, Inc.

David M. Goodstein, Inc.

Joseph Levay, Inc.

David N. Lowenthal & Son, Inc.

Charles W. Nudelman, Inc.

Theodore Rosenberg

Star Maid Dresses, Inc.

Townley Frocks, Inc.

Aywon Dress Co., Inc.

Daytime Frocks, Inc.

Harry Frank

Goldman Frocks Co., Inc.

Jomark Dresses, Inc.

Parisian Mfg. Co., Inc.

Rosen Bros. Frocks, Inc.

Silver Dresses, Inc.

Witlin & Schneider, Inc.

Anderman-Bob Burns, Inc.

Grace Ashley

Capri Frocks, Inc.

Cohen-Tunick, Inc.

Sam Davidson, Inc.

Fashion Wear Dress Co., Inc.

Ginsburg & Abelson, Inc.

Lee Claire Costumes, Inc.

Lyttle Bros., Inc.

Matty Moskowitz, Inc.

Patricia Perkins, Inc.

Reich-Goldfarb & Co., Inc.

Schultze-Zuch, Inc.

Will Steinman, Inc.

Phil Zahn & Co., Inc.

Campus Modes, Inc.

Davidow, Inc.

Kane-Weill, Inc.

J. A. Livingston, Inc.

Mutual Rosenbloom Corp.

Zoltan Rosenberg

Sport Kraft, Inc.

Sam Steinberg & Co., Inc.

L. & D. Beilinson, Inc.

F. E. D. Dress Co., Inc.

Friedman Dress Co., Inc.

International Dress Co., Inc.

Joe Levine Dress Co., Inc.

C. H. D. Robbins Co., Inc.

Sheila-Lynn Dresses, Inc.

David S. Westheim Corporation

Bernard Appel, Inc.

Bonn Ray Dance Frocks, Inc.

Casino Dresses, Inc.

Dalton Frocks, Inc.

Dresden Dress Co., Inc.

Franklin Dress Co., Inc.

Alexander S. Gross, Inc.

Lyla Modes, Inc.

El. N. Marcus

Parnis-Levinson, Inc.

Radiant Dress Co., Inc.

L. C. Rosenblatt, Inc.

Stern & Goldberg, Inc.

Valroy, Inc.

Bretter & Sussman, Inc.

Flo-Frocks, Inc.

George Hess Co., Inc.

Michael Kaplan

Wein Frocks, Inc.

Argosy Dresses, Inc.

Garland Dress Co., Inc.

Samuel Lipman

Julius Lipman

Rosenthal & Kallman, Inc.

Junior Fashion Guild, Inc.

M. Kaplan

Abbate-Swift, Inc.

Cecele Dance Frocks, Inc.

B. Tobias, Inc.

Herman Lipman

Marie-Lynn Dance Frocks, Inc.

and all present and future members, their agents, servants, and employees, each and all,

Cease and desist from directly or indirectly, jointly or severally, entering into or carrying out any understanding, arrangement, agreement, combination, or conspiracy, with each other or with any other person or persons, association, or corporation, to hinder or suppress competition in the interstate sale and distribution of women's garments or textiles used in the manufacture thereof; or to hinder or

suppress competition among manufacturers of said garments or textiles in the interstate sale and distribution of said products to retail dealers, and particularly from directly or indirectly, in pursuance of any such understanding, arrangement, agreement, combination, or conspiracy, from:

1. Inducing, coercing, constraining, or compelling manufacturers of women's garments to confine their purchases of textiles to those textile manufacturers who register their designs in the Industrial Design Registration Bureau of the National Federation of Textiles, Inc.

2. Inducing, coercing, constraining, or compelling women's garment manufacturing members of the Fashion Originators Guild of America, Inc., to refuse to buy from textile manufacturers who sell to retail dealers in women's garments who enter into agreements with manufacturers to manufacture styles, or to refuse to sell to such retail dealers as resort to such practices.

3. Inducing, coercing, constraining, or compelling textile members of the Fashion Originators Guild of America, Inc., to refuse to sell textiles to women's garment manufacturers who do not agree to purchase only from textile manufacturers who register their designs with the Industrial Design Registration Bureau of the National Federation of Textiles, Inc.

4. Inducing, coercing, constraining, or compelling women's garment manufacturing members of the Fashion Originators Guild of America, Inc., to refuse to sell their merchandise to retail dealers who do not agree to cooperate with, or who do not cooperate with, the Fashion Originators Guild of America, Inc., by refusing to buy women's garments declared by it to be copies of original registered designs of its members and registered by them in the registration bureau of said respondent, Fashion Originators Guild of America, Inc., and by returning to the manufacturers thereof any such copies which may be found in their stock, and by stamping all their orders for merchandise with the warranty clause stamp of the Fashion Originators Guild of America, Inc., which recites that the seller warrants that the garments ordered and sold are not copies of styles originated by members of the Fashion Originators Guild of America, Inc., and that the purchaser reserves the right to return any merchandise which is not as warranted.

5. Inducing, coercing, constraining, or compelling the women's garment manufacturing members of the Fashion Originators Guild of America, Inc., to confine their sales in Chicago, Ill.; Minneapolis, Minn., and Baltimore, Md.; to retail dealers in women's garments who are members of the respective respondent local guilds of those

cities, to wit: Michigan Avenue Guild of Chicago, Minneapolis Fashion Guild and Ladies' Ready-to-Wear Guild of Baltimore, Inc., or those who conform to the standards and regulations of such respondent local guilds.

6. Inducing, coercing, constraining, or compelling the women's garment-manufacturing members of the Fashion Originators Guild of America, Inc., to refuse to conduct off-price promotion sales, or clearance sales in Chicago, Ill.; Minneapolis, Minn., and Baltimore, Md.; prior to the dates fixed for such sales by the respective respondent local guilds, to wit: Michigan Avenue Guild of Chicago, Minneapolis Fashion Guild, and Ladies' Ready-to-Wear Guild of Baltimore, Inc.

7. Inducing, coercing, constraining, or compelling the Women's garment manufacturing members of the Fashion Originators Guild of America, Inc., to refuse to sell at retail, or to persons conducting their business in residences, residential quarters, hotels, or apartment buildings.

8. Inducing, coercing, constraining, or compelling the women's garment manufacturing members of the Fashion Originators Guild of America, Inc., to refuse to exhibit or sell their merchandise to retail dealers who fail or refuse to sign the Declaration of Cooperation of the Fashion Originators Guild of America, Inc., or who, having signed same, fail or refuse to comply with the conditions thereof.

9. Inducing, coercing, constraining, or compelling the women's garment manufacturing members of the Fashion Originators Guild of America, Inc., to refuse to contribute to the cost of advertisements of retail dealers in women's garments.

10. Inducing, coercing, constraining, or compelling the women's garment manufacturing members of the Fashion Originators Guild of America, Inc., to refuse to participate in fashion shows sponsored by retailers.

11. Fixing or attempting to fix, or dictate, the amount of discounts to be allowed by the women's garment manufacturing members of the Fashion Originators Guild of America, Inc., to retail dealers in women's garments.

12. Inducing, coercing, constraining, or compelling the women's garment manufacturing members of the Fashion Originators Guild of America, Inc., to refuse to permit retailers to participate with them in promoting fashion shows unless the merchandise used therein has been actually purchased and delivered to such retailers.

13. Employing auditors, accountants, or others to audit the books of the members of the Fashion Originators Guild of America, Inc.,

Order

28 F. T. C.

for the purpose of ascertaining whether they are violating or have violated any of the policies, regulations or programs of the Fashion Originators Guild of America, Inc., and from imposing or collecting fines or penalties, or suspending or expelling from membership in the Fashion Originators Guild of America, Inc., those members who violate the policies, regulations or programs of the Fashion Originators Guild of America, Inc.

It is further ordered, That the respondent Michigan Avenue Guild of Chicago—

Guy L. Ederhelmer.
Edward A. Fletcher.
Harry Blum.
Louis Gossert.
A. E. Levitt.
Bernard Rose.
Herman Friedman.
Frank L. Cole.

L. R. Pearson.
Leo Bramson.
M. E. Greenbaum.
Sally K. Greenbaum.
E. R. Lindburg.
George M. Gleason.
Clarence A. Powell.
Ellse A. Runyan.

its officers and members of its Board of Directors and their successors, its members and all future members;

The respondent, Minneapolis Fashion Guild, Roy H. Bjorkman, its executive secretary, and his successors, its officers and members of its board of directors and their successors, its members and all future members;

The respondent Ladies Ready-to-Wear Guild of Baltimore, Inc.—

Charles G. Hutzler.
C. F. Roycroft.
William Pollock.
Martin B. Kohn.
J. E. Ellington.

Allen S. Metzger.
Fred H. Alperstein.
Lester Bonwit.
Albert D. Slesinger.
Sam J. Schletsner.

Hal W. Kenaston.

its officers and members of its board of directors, and their successors, its members and all future members:

Cease and desist, From directly or indirectly, jointly or severally, entering into or carrying out any understanding, arrangement, agreement, combination, or conspiracy, with each other or with any other person, or persons, association, or corporation:

(a) To refuse to purchase any of their requirements from manufacturers of women's garments who are not members, or who do not conform to the standards, ethics or regulations of the Fashion Originators Guild of America, Inc.

(b) To comply with the requirement of the Fashion Originators Guild of America, Inc., prohibiting the purchase or sale of women's garments declared by it to be copies of styles or designs registered as original by its members in its design registration bureau.

Order

(c) To comply with the requirement of the Fashion Originators Guild of America, Inc., that any such declared copies as are mentioned in subparagraph (b), that are found in their stock shall be removed from sale and returned to the manufacturer thereof.

(d) To comply with the requirement of the Fashion Originators Guild of America, Inc., that all orders for women's garments shall be stamped with its warranty clause which recites that the seller warrants that the garments are not copies of styles or designs registered with the Fashion Originators Guild of America, Inc., as original by its members, and reserving the right in the purchaser to return any merchandise which is not as warranted.

(e) To comply with the requirement of the Fashion Originators Guild of America, Inc., that purchases of women's garments be made only from its members in good standing or from manufacturers who observe its standards, ethics, policies, and regulations.

It is further ordered, That the respondent National Federation of Textiles, Inc., Peter Van Horn, its president, Irene L. Blunt, its secretary, and their successors, all other of its officers and their successors, members of its board of directors and their successors, and its members and all future members, their agents, servants, and employees:

Cease and desist, From directly or indirectly, jointly or severally, entering into, or carrying out, any understanding, arrangement, agreement, combination, or conspiracy, with each other or with any other person, persons, association or corporation—

(b) * To publish in trade journals, newspapers, or in any other manner, that manufacturers of women's garments have entered into an agreement not to purchase textiles from manufacturers thereof who do not register their designs in the Industrial Design Registration Bureau of the National Federation of Textiles, Inc.

It is further ordered, That respondents Marshall Field & Co., Allied Stores Corporation, the Lindner Co., Joseph Horne Co., Mandel Brothers, Inc., John Wanamaker (Philadelphia), Lit Brothers, Inc., Bullock's, Inc., the Emporium Capwell Corporation, and J. L. Hudson Co., their officers, members of their boards of directors, and their successors, their agents, servants, and employees, and approximately 12,000 retail dealers in women's garments throughout the United States who have signed declarations of cooperation with respondent Fashion Originators Guild of America, Inc., whom it is impracticable to name herein, and of whom the respondents specifically named in this paragraph are representative:

Cease and desist, From, directly or indirectly, jointly or severally entering into, or carrying out any understanding, arrangement, agree-

* See footnote on p. 466.

Order

28 F. T. C.

ment, combination, or conspiracy with each other, or with any other person or persons, association or corporation:

(a) To refuse to purchase any women's garments from manufacturers thereof who are not members of the Fashion Originators Guild of America, Inc., or who do not conform to its standards, ethics, and regulations.

(b) To comply with the requirement of the Fashion Originators Guild of America, Inc., not to purchase or sell women's garments declared by it to be copies of styles or designs registered in its design registration bureau by its members.

(c) To comply with the request of the Fashion Originators Guild of America, Inc., that no women's garments be purchased from manufacturers declared by it to be confirmed copyists.

(d) To comply with the requirement of the Fashion Originators Guild of America, Inc., that any women's garments found in their stocks which have been declared by it to be copies of registered styles and designs of its members be removed from sale and returned to the manufacturer thereof.

It is further ordered, That the complaint herein be, and the same hereby is, dismissed, insofar as it applies to respondent G. H. Conze, for the reason that said respondent resigned as a member of the steering committee of the textile group of Fashion Originators Guild of America, Inc., prior to the issuance of the complaint herein, and refused to be a party to the policies and programs which formed the basis of the charges set out in the complaint.

It is further ordered, That the respondents 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 this order.

Syllabus

IN THE MATTER OF

JACOB GOLDBERG, TRADING AS CROWN NOVELTY
HOUSECOMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION
OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 23, 1914*Docket 3484. Complaint, July 12, 1938—Decision, Feb. 8, 1939*

Where an individual engaged in sale and distribution of watches, cameras, razor blades, clocks, and various other articles of merchandise—

- (a) Distributed or caused to be distributed to representatives and prospective representatives, in selling and distributing his said articles of merchandise by means of a game of chance, gift enterprise, or lottery scheme, among other advertising literature, a sales circular consisting of a list on which were designated a number of items of merchandise and prices thereof and pull card for use in sale and distribution of said products under a plan or scheme in accordance with which particular article of merchandise and price to be paid and apparent value to be secured by purchaser were dependent upon matter disclosed by particular tab selected by chance by purchaser, and representative was compensated by premium for operation of card and sale of merchandise, and thereby supplied to and placed in the hands of others means of conducting lotteries in the sale of said merchandise in accordance with aforesaid or similar sales plan, involving game of chance or sale of a chance to procure an article of merchandise at a price much less than apparent normal retail price thereof, contrary to an established public policy of the United States Government and in violation of criminal laws, and in competition with many who are unwilling to adopt and use said methods or any method involving game of chance or sale of a chance to win by chance or any method contrary to public policy and refrain therefrom;

With result that many persons were attracted by his said method and by element of chance involved in sale of such merchandise as above described, and were thereby induced to buy and sell his said merchandise in preference to that offered and sold by said competitors who do not use such or equivalent method, and of unfairly diverting by reason of said game of chance trade and custom to him from his competitors aforesaid;

- (b) Caused such statements to appear in his advertising matter as "Free Gifts—Valuable Premiums Free," "How to Get Your Gifts Without Any Cost to You," and "2 Extra Surprise Gifts Free," facts being none of his so-called premiums or gifts were given away "free" or "without cost" but said so-called premiums or gifts which were represented as being "free" or "without cost" to said representatives were either purchased with their labor or the prices thereof were included in the prices of other articles of merchandise which they had to sell or procure sale of before said so-called premiums or gifts could be procured by them, and in the case of a number thereof, certain sums of money were required to be paid by said representatives in addition to the labor performed or services rendered;

With effect of misleading and deceiving a substantial portion of the purchasing public into the erroneous belief that such statements and representations