

Syllabus

IN THE MATTER OF
WILLIAM C. STEFFY, LORINA STEFFY, AND G. V.
PARKINSON

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

Docket 3238. Complaint, Oct. 8, 1937—Decision, Aug. 2, 1939

Where two individuals engaged in sale and distribution of premium certificates, coupons and cards redeemable in silverware, chinaware and earthenware, to purchasers in various other States and the District of Columbia, in substantial competition with others likewise engaged in sale and distribution of such premiums, etc., and also with those engaged in sale and distribution, in commerce among the various States, of chinaware, silverware, and earthenware, and who do not resort to unfair practices below set forth in offering and selling their products;

In carrying on their business as above set forth, through (1) various corporations which they organized for said purpose and used solely for their benefit and as channels through which to carry on such business, and which included Security Silverware Distributors, Inc., and The United States Sales Corporation, and through (2) various trade names adopted and used by them, and including Atlas Globe China Co., Advertising Department, Rogers Silverware Distributors, Bordeaux China Co. and China Sales Syndicate, and (3) agents or salesmen employed by them in carrying on their business as aforesaid, in the name and through use of such corporate entities, and while using such trade names, personally to solicit retail dealers—

- (a) Represented, as aforesaid and through such agents or salesmen, acting in the scope of their employment and under their direction and supervision in offering and selling said premiums, etc., to prospective purchasers, that Security Silverware Distributors, Inc., was the agent of or connected with the International Silverware Co. or some other manufacturer, and that the Atlas Globe China Co., Advertising Department, was agent for or representative of some other manufacturer of china, and that the Bordeaux China Co. was manufacturer of such products and earthenware, and that the United States Sales Corporation and Rogers Silverware Bureau were agent for and connected with the Simon L. and George H. Rogers Co., manufacturers of Rogers Silverware, and that China Sales Syndicate was manufacturer of chinaware and earthenware, and that they were agents for or connected with said manufacturers, facts being they did not, either as individuals nor while carrying on such business through use and in name of any of the above described corporate entities, or while operating under any of various aforesaid trade names adopted, manufacture silverware, chinaware or earthenware, and they were not, in any of their capacities, connected in any manner with any manufacturer or manufacturers of such products, except as purchasers thereof.
- (b) Represented that each and all of said manufacturers had adopted the premium certificates, coupons, or cards sales plan as a method of advertising, and that they were the authorized agents of said manufacturers

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- or a branch thereof, facts being as above set forth, and that said premium certificate, coupon, and card plan sold by them was not an advertising method adopted by such manufacturers of silverware, chinaware, and earthenware, but a scheme promulgated by them to sell such products and through which, as below more fully set forth, they were able to get distributed among the public numerous incomplete sets thereof, with each holder of such a set thus becoming a prospective customer for sufficient quantity of their products to fill out the same;
- (c) Represented that such certificates, coupons or cards would be redeemed by them when returned by the holders in "genuine Rogers 1847 Silverware" or "Rogers Silverware", or "genuine Rogers Silverware," or "genuine Simon L. and George H. Rogers Silverware," and that the chinaware and earthenware for which such premium certificates, coupons or cards were redeemable was such product, as the case might be, of highest grade and quality, facts being they did not redeem said certificates, etc., with such "genuine 1847 Rogers Silverware" or other silverware as above set forth, or with any high-grade silverware, or with chinaware and earthenware of same quality and grade as that displayed to prospective purchaser by agents in offering and selling said certificates, etc., they had adopted practice of not redeeming such certificates, and, when they did so redeem them, did so with silverware or other product, as above noted, of very inferior grade and quality;
- (d) Represented that they would redeem such certificates, coupons, or cards without any additional cost to purchaser or purchaser's customers, and that they would refund to dealer either \$4.50 or \$5, depending on particular contract, and that when purchaser's premium certificates, etc., were exhausted, they would supply him with redeemed certificates, etc., without cost, facts being they had adopted practice of not refunding any amount to purchaser of such certificates, etc., contracts for purchase of which were in every instance artfully drawn so as to mislead and deceive purchaser thereof as to their terms and conditions, and in such a manner as to enable them to deprive purchasers of any benefits from the transaction, and with certain contracts stating that certificates, etc., would be redeemed according to terms written on such certificates, etc., and under which purchaser learned, upon receipt thereof, it was necessary, in order for same to be redeemed, to transmit to them stipulated amount of money with each certificate, or amount to be fixed by them for "packing and the cost of transportation," and with amount required in such cases more than actual value and customary price of silverware, chinaware, and earthenware of same grade and quality;
- (e) Represented that they would furnish full sets of silverware, chinaware or earthenware, as case might be, to purchaser for display purposes, and to become his property after display for specified length of time, and that dealer approached by their agent had been selected by them to distribute such certificates, etc., and that only one dealer would be sold in a trade territory or area, and that they would send to purchaser's customers circulars and other advertising matter, facts being only literature sent out were circulars containing cuts of premiums and schedules showing under what terms said certificates would be redeemed, and they did not specifically select certain retailers to purchase such premium certificates, etc., but sold them wherever they could find a purchaser, and sold more than one dealer in specified area or trade territory;

With capacity and tendency to mislead and deceive purchasing public through such various highly deceptive, false, and misleading representations, and with effect of leading substantial portion of said public into false and erroneous belief that all said representations were true, and into belief that they were an agent for or connected with International Silver Co. or some manufacturer or manufacturers, as hereinabove set forth and indicated, and that purchasers of said certificates, etc., were dealing directly with the manufacturer, etc., and that they would redeem such certificates as above set forth, and would carry out undertakings as indicated, and that manufacturers of said various products had adopted premium certificates, coupons, and card plan as method of advertising, and with result, as direct consequence of mistaken and erroneous beliefs induced by said acts and practices, that portion of purchasing public bought substantial amount of their product and trade was unfairly diverted to them from their competitors; to the injury of competition in commerce; and

Where said individuals, using said United States Sales Corporation as a channel through which to carry on business of selling and distributing radios and lottery schemes to retail merchants in the various States and in the District of Columbia—

- (f) Sold and distributed to such merchants radios and lottery schemes, and paraphernalia and devices for carrying out said schemes and distribution thereby of such radios by chance, under plan whereby merchant was to distribute among his customers, with each purchase of given amount, one of large number of keys supplied him along with padlock, with customer securing by chance particular key fitting padlock to receive one of the radios being thus distributed, and thereby supplied to and placed in the hands of others means of conducting lotteries in sale of such products in accordance with such plan, contrary to the established policy of the United States and the laws of many of the States, and in competition with many who are unwilling to offer or sell their merchandise so as to involve game of chance, and refrain therefrom;

With result that retail merchants, of whom many will not resort to use of a lottery or any other method of trade involving game of chance or sale of a chance to win radios or any other merchandise by chance, as contrary to public policy as above set forth and to State laws, and as involving methods detrimental to public morals and those of persons among whom said chances are distributed, were attracted, in many instances, by element of chance involved in their said sales methods, and were thereby induced to purchase their said merchandise and participate in said plan in preference to same or similar merchandise from their competitors who do not use such or equivalent methods in selling and distributing their products, and with effect of unfairly diverting trade in commerce to them from their competitors aforesaid, and with tendency and capacity to lessen competition in said trade and to deprive purchasing public of benefits of free competition therein; and

Where said individuals engaged, as above set forth, in carrying on their business as aforesaid, and through agents and salesmen thereunto duly authorized—

- (g) Represented to retailers that said lottery plan or scheme, as above set out, was a sales promotion plan devised by them to get their radios before the public, and that retailer participating might do so without cost, in that

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price to retailer, including merchandise given as a prize, equivalent to 1 cent per key for those furnished, would be refunded to them at same rate for each key returned when prize merchandise had been distributed, and that retailer thereafter would have agency for and receive commission on sale of their said radios in his particular territory, and that they would send representative to deliver material and paraphernalia in question and inaugurate said plan and circularize purchaser's customers with advertisements advertising scheme, and that only one key in each lot would unlock padlock, and that retail prices of radios supplied, and thus tagged by them, ranged from \$24.90 to \$39.99, and advised prospective purchasers, through said agents and salesmen, that term "prevailing cost" in contracts employed meant cost of 1 cent per key as paid by retailer at time of purchase;

Facts being said scheme was not a sales promotion plan as above set forth, but one to dispose of their products to retailers, they failed and refused to redeem keys at aforesaid rate and to return to retailers all or substantial part of money paid them, construed term "prevailing cost" as cost of keys to them, amounting to from 70 cents to \$1 a thousand, did not deliver padlock, keys, and radios included in transaction through representatives, but sent same through mail or by express, c. o. d., did not send representative to inaugurate or conclude plan or circularize retailer's customers or advertise plan, not one but several keys in each lot thereof fitted padlock, with practically every one, in many instances, opening the same, radios in question did not retail for such sum, and retailers had no opportunity prior to payment in full, following initial deposit required, and c. o. d. shipment prior to inspection, to learn that representations as aforesaid were false;

With effect of misleading purchasing public into erroneous belief that said representations were true, and that said lottery plan was a sales promotion plan devised as above set forth, that retailers participating therein might do so without cost, and that they, said individuals, would refund amounts as promised and otherwise carry out their undertakings and representations, and that the facts in other respects were as represented, and of causing many retailers to believe that such representations were true, and of causing substantial portion thereof to participate in said plan and purchase merchandise from them because of such erroneous belief, and of thereby unfairly diverting substantial trade in commerce to them from their competitors who truthfully represent their merchandise and sales plans; to the injury of said competition in commerce, and that of the public:

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

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

Mr. James L. Fort for the Commission.

Hickey & Hall, of Chicago, Ill., for respondents.

COMPLAINT

Pursuant to the provisions of an act of Congress, approved September 26, 1914, entitled "An Act to create a Federal Trade Commission, to define its powers and duties, and for other purposes,"

the Federal Trade Commission, having reason to believe that William C. Steffy, Lorina Steffy, and G. N. Parkinson, hereinafter referred to as respondents, have been and are using unfair methods of competition in commerce, as "commerce" is defined in said act of Congress, and it appearing to said Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondents William C. Steffy, Lorina Steffy, and G. N. Parkinson are individuals and the principal place of business of said respondents is 549 West Washington Boulevard, Chicago, Ill. Respondents are now, and have been for a number of years last past, engaged in the sale and distribution in commerce among and between the various States of the United States and the District of Columbia of premium certificates, coupons, and cards redeemable in silverware, chinaware, and earthenware. Respondents cause such certificates, coupons, and cards and the silverware, chinaware, and earthenware with which such certificates, coupons and cards are redeemable to be shipped and transported from respondents' place of business in Illinois to purchasers thereof located in various other States of the United States and the District of Columbia, and they maintain a constant current of trade and commerce among and between the various States of the United States and the District of Columbia in the sale and distribution of said products.

PAR. 2. Respondents, in the course and conduct of said business are now, and at all times herein referred to have been in substantial competition with other individuals, and with corporations, partnerships, and firms likewise engaged in the sale and distribution of premiums, certificates, coupons, and cards. Respondents are also in competition with other individuals, and with corporations, partnerships, and firms engaged in the sale and distribution in commerce among and between the various States of the United States of chinaware, silverware, and earthenware and these competitors of respondents do not resort to the unfair practices herein set forth in offering for sale and selling their products.

PAR. 3. Respondents William C. Steffy, Lorina Steffy, and G. N. Parkinson have, for carrying on said business as aforesaid, organized various and sundry corporations and have adopted and used various and sundry trade names. Among said corporations so organized by respondents are Security Silverware Distributors, Inc., and The United States Sales Corporation. Among the various and sundry trade names adopted and used by respondents in carrying on said business are the Atlas Globe China Co., Advertising Department, Rogers Silverware Distributors, Bordeaux China Co., and China

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Sales Syndicate. Respondents organized said corporations and do now, and have at all times since the organization of said corporations, owned practically all the capital stock of said corporations and do now and have at all times herein mentioned dominated, directed, and controlled said corporations in their activities, and have and do now control and direct all their sales policies and business operations. Said corporate entities are used solely for the benefit of respondents and as channels through which respondents can carry on the business herein described. All the acts and practices herein, described whether done and performed under or in the name of said corporate entities, or under the various trade names adopted and used are in truth and in fact the acts and practices of respondents or done and performed under the immediate direction and supervision of, and for the sole benefit of, respondents.

PAR. 4. It has been, and is, the practice of respondents, when carrying on their business in the name and through the use of said corporate entities, and while using the said trade names, to employ agents or salesmen to personally solicit retail dealers. Said agents or salesmen, acting in the scope of their employment and under the direction and supervision of respondents, while offering for sale and selling said premium certificates, coupons, and cards, have, and do now, represent to the prospective purchaser to induce said purchaser to purchase said certificates, coupons, cards, that:

Security Silverware Distributors, Inc., has been, or is, the agent of, or connected with the International Silverware Co., or some other manufacturer of silverware; that the Atlas Globe China Co., Advertising Department, is the agent of, or representative of, the Atlas Globe China Co., or is the agent for, or representative of some other manufacturer of chinaware; that the Bordeaux China Co. is a manufacturer of chinaware and earthenware, and respondents are the duly authorized agent of said Bordeaux China Co.; that the United States Sales Corporation and the Rogers Silverware Bureau were, and are, the agent for, and connected with, the Simon L. and George H. Rogers Co., manufacturers of Rogers Silverware; that the China Sales Syndicate is a manufacturer of chinaware and earthenware and respondents are agents for, or connected with, said manufacturers; that each and all of said manufacturers have adopted the premium certificates, coupons, or cards sales plan as a method of advertising; that respondents are the authorized agents of said manufacturers, or are a branch of said manufacturing companies or firms; that said premium certificates, coupons, or cards will be redeemed by respondents when returned by the holders in "genuine Rogers' 1847 Silverware" or "Rogers Silverware," or "genuine Rogers Sil-

verware," or "genuine Simon L. and George H. Rogers Silverware"; that the chinaware and earthenware for which said premium certificates, coupons or cards are redeemable is chinaware and earthenware of the highest grade and quality; that respondents will redeem said certificates, coupons, or cards without any additional cost to the purchaser or the purchaser's customers; that for each 1,000 certificates, coupons or cards redeemed, respondents will refund to the dealer either \$4.50 or \$5, the amount of refund depending on each particular contract; that when the purchasers' premium certificates, coupons, or cards are exhausted, respondents will furnish the purchaser redeemed certificates, coupons or cards without cost; that respondents will furnish full sets of silverware, chinaware, or earthenware, as the case might be, to the purchaser for display purposes, the same to become the property of the purchaser after displaying same for a specified length of time; that the dealer approached by respondents' agents has been selected by respondents to distribute said certificates, coupons, and cards, and only one dealer will be sold in a trade territory or area.

PAR. 5. All of said representations as above set out and referred to, and many other similar representations not specifically mentioned herein, are highly deceptive, false, and misleading, and had, and now have, the capacity and tendency to mislead and deceive the purchasing public, and did and do now lead a substantial portion of the purchasing public into the false and erroneous belief that all said representations are true and into the belief that:

Security Silverware Distributors, Inc., is an agent for, or connected with, International Silverware Co. or some manufacturer or manufacturers of silverware; that the Atlas Globe China Co., Advertising Department, is an agent for, or connected with, some manufacturer or manufacturers of chinaware; that the Bordeaux China Co. is an agent for, or connected with, the manufacturer or manufacturers of chinaware or earthenware; that China Sales Syndicate is an agent for, or connected with, a manufacturer of manufacturers of chinaware or earthenware; that United States Sales Corporation and Rogers Silverware Bureau are agents for, or connected with, Simon L. and George H. Rogers Co.; that the Bordeaux China Sales Co. is a manufacturer of chinaware and earthenware; that the purchasers of said certificates, coupons, or cards are dealing directly with the manufacturer; that the United States Sales Corporation and Rogers Silverware Bureau are agents for, and connected with, the Simon L. and George H. Rogers Co., of Oneida, N. Y.; that respondents will redeem said certificates, coupons, or cards with silverware, chinaware, or earthenware of the same grade and

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quality as the samples displayed to the purchaser of said certificates, coupons, or cards, or of the grade and quality represented by said agents; that full sets of either chinaware, earthenware, or silverware, are furnished by respondent to the purchasers of the certificates, coupons or cards; that respondents will redeem the certificates, coupons, or cards calling for silverware, in "genuine Rogers 1847 Silverware," or "genuine Rogers Silverware," or "genuine Simon L. and George H. Rogers Silverware"; that respondents will refund to the purchaser upon the redemption of said certificates, coupons, or cards \$4.50 or \$5 per thousand, as the case might be; that respondents will redeem said certificates, coupons, or cards in silverware, chinaware, or earthenware, without any additional cost to the purchaser or purchaser's customers; that when the purchaser has exhausted his original supply of certificates, coupons, or cards, respondents will furnish the purchaser with redeemed certificates, coupons, or cards without cost; that respondents will not sell any other retail dealer in purchaser's trade area, and that respondents will send to the purchasers' customers, circulars, and other advertising matter, and that the purchaser has been specifically selected by respondents to handle said certificates, coupons, or cards in the trade area or territory in which the purchasers' place of business is located; that the said manufacturers of silverware, chinaware, and earthenware have adopted the premium certificates, coupons, and cards plan as a method of advertising.

PAR. 6. In truth and in fact, respondents do not as individuals, nor while carrying on such business through the use and in the name of any of the above-described corporate entities, nor while operating under any of the various trade names adopted, manufacture silverware, chinaware, or earthenware, neither are respondents nor any of the corporate entities, by and through which respondents carry on said business, connected in any manner with any manufacturer or manufacturers of silverware, chinaware, or earthenware, except as purchasers of said products. Respondents do not redeem said certificates, coupons or cards with "genuine Rogers 1847 Silverware," or "genuine Rogers Silverware," or "genuine Simon L. and George H. Rogers Silverware," nor with any high-grade silverware. Respondents do not redeem any of said certificates, coupons, or cards with chinaware and earthenware of the same quality and grade as the chinaware and earthenware displayed to the prospective purchaser by the respondent's agents while offering for sale and selling said certificates, coupons, or cards. When respondents do redeem any of said certificates, coupons, or cards, they do so with silverware, chinaware, and earthenware of a

very inferior grade and quality. Respondents have adopted the practice of not redeeming such certificates, coupons or cards and have adopted the practice of not refunding any amount to the purchaser of such certificates, coupons, or cards. The contracts for the purchase of said certificates, coupons, and cards are, in every instance, artfully drawn in such a manner as to mislead and deceive the purchaser of said certificates, coupons, and cards as to the terms and conditions thereof and in such a manner as to enable respondents to deprive the purchasers of said certificates, coupons, and cards of any benefits from the transaction. In some of the contracts, it is stated that certificates, coupons, or cards will be redeemed according to the terms written on the certificates, coupons, or cards—in such cases, the purchaser learns upon receipt of such certificates, coupons, or cards that in order for the customer to get them redeemed, it is necessary to transmit to the respondents a stipulated amount of money with each certificate, coupon, or card, or an amount to be fixed by respondent for “packing and the cost of transportation.” The amount required in such cases is more than the actual value, and more than the customary price of silverware, chinaware and earthenware of the same grade and quality. Respondents do not circularize the purchaser’s customers, and the only literature sent out are circulars containing cuts of premiums, and a schedule showing under what terms said certificates will be redeemed. Respondents do not specifically select certain retail dealers to purchase said premium certificates, coupons, or cards, but sell said certificates, coupons, or cards indiscriminately wherever they can find a purchaser, and sell more than one dealer in a specified area or trade territory. Said premium certificate, coupon and card plan, sold by respondents is not an advertising method adopted by said manufacturers of silverware, chinaware, and earthenware, but is a scheme, promulgated by respondents, to sell silverware, chinaware, and earthenware. By this plan respondents are able to get distributed among the public numerous incomplete sets of silverware, chinaware, and earthenware. Each holder of an incomplete set of silverware, chinaware, and earthenware thereby becomes a prospective customer for a sufficient quantity of respondents’ product to fill out the incomplete set.

PAR. 7. As a direct consequence of the mistaken and erroneous beliefs induced by the acts and practices of respondents as are hereinabove set out, a portion of the purchasing public has purchased a substantial amount of respondents’ product with the result that trade has been unfairly diverted to respondents from respondents’ competitors. As a result of the unfair acts and practices of respondent,

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injury has been, and is now being, done to competition in commerce among and between the various States of the United States and of the District of Columbia.

PAR. 8. In addition to the unfair acts and practices hereinabove set out, respondents, using United States Sales Corporation as a channel through which to carry on their business, have been and are now engaged in the sale and distribution of radios and lottery schemes, to retail merchants located in the various States of the United States and the District of Columbia, and have caused, and do cause, said radios and the paraphernalia for carrying on said lotteries, when sold, to be shipped and transported in commerce from respondents' place of business in Chicago, Ill., to the purchaser thereof located in States of the United States other than the State of Illinois. Respondents have maintained and do now maintain a constant current of trade in commerce in said products in and among the various States of the United States and the District of Columbia.

PAR. 9. In the course and conduct of their business as aforesaid, respondents sell and distribute, to retail merchants, radios, and to be used in connection therewith, lottery schemes, and the paraphernalia, and devices for carrying out said lottery schemes and the distribution of said radios by chance. In carrying on said business, respondents sell to the retail merchant a lottery scheme whereby the retail merchant is to receive a padlock and a number of keys, the number of keys being, in practically every instance, 3,950. Said keys are distributed by the retail merchant among his customers—one key being given with each purchase of a given amount of merchandise, said amount to be fixed by the retail merchant. When a fixed number of said keys, usually the entire number furnished by the respondents, have been distributed among the customers of the merchant, the keys, so distributed, are collected by the merchant and fitted into the said padlock. One of the keys distributed will fit the padlock, and to the holder thereof, the merchant delivers a radio furnished by the respondents. Said radios are thus distributed to the customers of said retail merchants by lottery, gift enterprise, or game of chance.

Respondents thus supplies [sic] to and places [sic] in the hands of others, the means of conducting lotteries in the sale of its said radios in accordance with the plan hereinabove set forth. The use, by the respondents, of said method in the distribution of said radios and the sale of said radios, by and through the use thereof is a practice contrary to the established public policy of the United States and contrary to the laws of many of the States of the United States, and because of this fact many competitors of respondents are unwilling

to offer for sale or sell their merchandise so as to involve a game of chance and such competitors refrain therefrom.

Many retail merchants are attracted by the element of chance involved in respondents' sales methods as above described and are thereby induced to purchase respondents' merchandise and participate in said plan in preference to the same or similar merchandise from respondents' competitors who do not use the same or equivalent methods in selling or distributing their merchandise.

PAR. 10. The use of said lottery scheme, or game of chance, in the sale and distribution of respondents' radios in trade and commerce, had, and now has, the tendency and capacity to, and did, and does unfairly divert trade and commerce to respondents from respondents' competitors who do not use the same or similar methods. The use of said method has the tendency and capacity to lessen competition in said trade and to deprive the purchasing public of the benefits of free competition in said trade. Many retail merchants will not resort to the use of a lottery or any method of trade involving a game of chance, nor the sale of a chance to win radios, or any other merchandise by chance, because said method is contrary to the public policy of the United States and to the laws of many of the States of the United States, and because the use of such methods are detrimental to public morals and to the morals of persons among whom said chances are distributed.

PAR. 11. In the course and conduct of their business as aforesaid, respondents, through agents and salesmen, thereunto duly authorized, have represented and do now represent to retailers that the lottery plan or scheme as above set out is a sales promotion plan devised by the respondents to get their radios before the public and that the retailer participating in the plan may do so without cost, in that the respondents sell such retailer the plan, including the merchandise given as a prize, at a price which is equivalent to 1 cent per key for the keys furnished and represent that they, the respondents, when the prize merchandise has been distributed, will pay to the retailer the sum of 1 cent for each key returned to respondents, thereby returning to the retailer all of the money paid to the respondents, if all of the keys are returned, and that the retailer thereafter will have the agency for and receive a commission on the sales of respondents' radios in the particular territory where the retailer is located; that upon the purchase of said padlock and keys and lottery scheme, by the retail merchant, respondents will send a representative to deliver said material and paraphernalia and to inaugurate said sales plan; that respondents will circularize the purchaser's customers with advertisements advertising said scheme; that in the lot of keys supplied the retail merchant there will only be one key that will unlock the padlock. Respondents further represent

that the retail prices of the radios supplied with said scheme range from \$24.90 to \$39.99. Respondents, before delivering said radios to the retail merchant, places [sic] price tags on said radios stating the retail price to be as above set out.

The contracts used by respondents in the sale and distribution of said radios and lottery schemes contain the following clause: "Guaranteed cash rebate at our prevailing cost, upon receipt thereof, for all keys returned at the end of campaign." Said agents and salesmen of respondents represent to the retail dealer that the term "prevailing cost" means the cost paid by the retail dealer at the time of the purchase, that is, 1 cent per key.

PAR. 12. Said representations on the part of respondents are highly exaggerated, false and misleading and had, and now have, the tendency and capacity to mislead and deceive, and did, and do mislead and deceive the purchasing public, and did and do lead them into the erroneous belief that all of said representations are true and into the belief that said lottery plan or scheme is a sales promotion plan devised by the respondents to get their radios before the public; that the retailers participating in the plan may do so without cost; that respondents will refund to the purchaser 1 cent per key for each key returned to respondents after the campaign is concluded; that the retailer will have the agency for and receive a commission on the sales of respondents' radios in the particular territory where the retailer is located; that the merchandise will be delivered by a representative of respondents; that a representative of respondents will be present and inaugurate said lottery scheme or sales plan; that respondents will circularize the retailers' customers with advertisements advertising said plan; that there is only one key in the lot of keys supplied by respondents that will unlock the padlock; that the radios supplied with said keys retail for \$24.95, \$29.95, and \$39.95; that the term "prevailing cost" in said contract means the price paid by the retailer for said keys.

PAR. 13. In truth and in fact the lottery plan or scheme so distributed by the respondents is not a sales promotion plan to get respondents' products before the purchasing public, but is a scheme to dispose of their said products to retailers. Respondents fail and refuse to redeem the keys returned to them by the retailers participating in the plan at the rate of 1 cent each, and to return to the said retailers all, or a substantial part, of the money paid to respondents. When the retailer returns any of the keys for a refund the respondents construe the term "prevailing cost," in said contract to be the cost of said keys to respondents—the cost to the said respondents for said keys being from 70 cents to \$1 per thousand. The padlock, keys, and radios, included in said transaction are not delivered to the retailers

by representatives of respondents but are sent to the retailer through the United States mail or by express, c. o. d. Respondents do not send a representative to be present at the time the plan is inaugurated or concluded. Respondents do not circularize the retailers' customers nor advertise said plan. After the retailer has distributed said keys according to said plan and the keys are returned to the retailer, the retailer learns that not only one key but several of said keys, and in many instances practically every one of said keys, will open the lock. The radios distributed by respondent do not retail for \$24.95, \$29.95, nor \$39.95.

Retailers have no opportunity to learn prior to the time of full payment of money to the respondents, for their participation in the plan, that the representations made by the respondents are false, for respondents demand and receive a substantial deposit at the time the retailer agrees to participate in the plan and the prize merchandise, paraphernalia, and devices used in the plan are shipped to the retailer c. o. d. Full payment is made by the retailer before inspection.

PAR. 14. The aforesaid representations and implications of respondents are false and misleading, and have the tendency and capacity to, and do, cause many retailers to erroneously believe that said representations are true, and cause a substantial portion of said retailers to participate in said plan and to purchase merchandise from said respondents because of such erroneous belief, thereby unfairly diverting substantial trade in said commerce to the respondents from their competitors, who truthfully represent their merchandise and sales plans, to the injury of said competitors in said commerce, and to the injury of the public.

PAR. 15. The acts, practices, and methods of respondents, as hereinabove alleged, are all to the prejudice of the public and the respondents' said competitors 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 October 8, 1937, issued, and on October 11, 1937 served, its complaint in this proceeding upon respondents William C. Steffy, Lorina Steffy, and G. V. Parkinson, charging them with using unfair methods of competition in commerce, in violation of the provisions of said act. After the issuance of said

complaint and the filing of respondents' answer, the Commission, by order entered herein, granted the motion of respondents William C. Steffy and G. V. Parkinson for permission to withdraw their answer and to substitute therefor an answer admitting all the material allegations of fact set forth in said complaint and waiving all intervening procedure and further hearing as to the said facts, which substitute answer was duly filed in the office of the Commission. After the issuance of the complaint, testimony was introduced before Robert S. Hall, an examiner of the Commission theretofore duly designated by it, relative to the acts and practices of respondent Lorina Steffy, and said testimony was duly recorded and filed in the office of the Commission. Thereafter this proceeding regularly came on for final hearing before the Commission on the said complaint, the substitute answer of William C. Steffy and G. V. Parkinson, and the aforesaid testimony, 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. Respondents William C. Steffy and G. V. Parkinson are individuals and the principal place of business of said respondents is 549 West Washington Boulevard, Chicago, Ill. William C. Steffy and G. V. Parkinson, hereinafter referred to as respondents, are now and have been for a number of years last past, engaged in the sale and distribution in commerce among and between the various States of the United States and the District of Columbia of premium certificates, coupons, and cards redeemable in silverware, chinaware, and earthenware. Respondents cause such certificates, coupons, and cards, and the silverware, chinaware, and earthenware with which such certificates, coupons, and cards are redeemable to be shipped and transported from respondents' place of business in Illinois to purchasers thereof located in various other States of the United States and the District of Columbia, and they maintain a constant current of trade in commerce among and between the various States of the United States and the District of Columbia in the sale and distribution of said products.

PAR. 2. Respondents, in the course and conduct of said business, are now, and at all times herein referred to have been, in substantial competition with other individuals, and with corporations, partnerships, and firms likewise engaged in the sale and distribution of premiums, certificates, coupons, and cards. Respondents are also in competition with other individuals, and with corporations, partnerships,

and firms engaged in the sale and distribution in commerce among and between the various States of the United States of chinaware, silverware, and earthenware and these competitors of respondents do not resort to the unfair practices herein set forth in offering for sale and selling their products.

PAR. 3. Respondents have, for carrying on said business as aforesaid, organized various and sundry corporations, and have adopted and used various and sundry trade names. Among said corporations so organized by respondents are Security Silverware Distributors, Inc., and The United States Sales Corporation. Among the various and sundry trade names adopted and used by respondents in carrying on said business are the Atlas Globe China Co., Advertising Department, Rogers Silverware Distributors, Bordeaux China Co., and China Sales Syndicate. Respondents organized said corporations and do now, and have at all times since the organization of said corporations, owned practically all the capital stock of said corporations, and do now, and have at all times herein mentioned, dominated, directed, and controlled the said corporations in their activities, and have, and do now, control and direct all their sales policies and business operations. Said corporate entities are used solely for the benefit of respondents and as channels through which respondents can carry on the business herein described. All the acts and practices herein described, whether done and performed under or in the name of said corporate entities or under the various trade names adopted and used are in truth and in fact the acts and practices of respondents or done and performed under the immediate direction or supervision of, and for the sole benefit of, respondents.

PAR. 4. It has been, and is, the practice of respondents, when carrying on their business in the name and through the use of said corporate entities, and while using the said trade names, to employ agents or salesmen to personally solicit retail dealers. Said agents or salesmen, acting in the scope of their employment and under the direction and supervision of respondents, while offering for sale and selling said premiums, certificates, coupons, and cards, have, and do now represent to the prospective purchaser to induce said purchaser to purchase said certificates, coupons, cards, that:

Security Silverware Distributors, Inc., has been, or is, the agent of, or connected with, the International Silverware Co., or some other manufacturer of silverware; that the Atlas Globe China Co., Advertising Department, is the agent of, or representative of, the Atlas Globe China Co., or is the agent for, or representative of some other manufacturer of chinaware; that the Bordeaux China Co. is a manufacturer of chinaware and earthenware, and respondents are the duly author-

ized agent of said Bordeaux China Co.; that the United States Sales Corporation and the Rogers Silverware Bureau were, and are, the agent for, and connected with, the Simon L. and George H. Rogers Co., manufacturers of Rogers Silverware; that the China Sales Syndicate is a manufacturer of chinaware and earthenware and respondents are agents for, or connected with, said manufacturers; that each and all of said manufacturers have adopted the premium certificates, coupons or card sales plan as a method of advertising; that respondents are the authorized agents of said manufacturers, or are a branch of said manufacturing companies or firms; that said premium certificates, coupons, or cards will be redeemed by respondents when returned by the holders in "genuine Rogers 1847 Silverware" or "Rogers Silverware" or "genuine Rogers Silverware," or "genuine Simon L. and George H. Rogers Silverware"; that the chinaware and earthenware for which said premium certificates, coupons, or cards are redeemable is chinaware and earthenware of the highest grade and quality; that respondents will redeem such certificates, coupons, or cards without any additional cost to the purchaser or the purchaser's customers; that for each 1,000 certificates, coupons, or cards redeemed, respondents will refund to the dealer either \$4.50 or \$5, the amount of refund depending on each particular contract; that when the purchasers' premium certificates, coupons, or cards are exhausted, respondents will furnish the purchaser redeemed certificates, coupons, or cards without cost; that respondents will furnish full sets of silverware, chinaware, or earthenware, as the case might be, to the purchaser for display purposes, the same to become the property of the purchaser after displaying same for a specified length of time; that the dealer approached by respondents' agents has been selected by respondents to distribute such certificates, coupons, and cards and only one dealer will be sold in a trade territory or area.

PAR. 5. All of said representations as above set-out and referred to are highly deceptive, false, and misleading, and had, and now have, the capacity and tendency to mislead and deceive the purchasing public, and did and do now lead a substantial portion of the purchasing public into the false and erroneous belief that all said representations are true and into the belief that:

Security Silverware Distributors, Inc., is an agent for, or connected with, International Silverware Co. or some manufacturer or manufacturers of silverware; that the Atlas Globe China Co., Advertising Department, is an agent for, or connected with, some manufacturer or manufacturers of chinaware; that the Bordeaux China Co. is an agent for, or connected with, the manufacturer or manufacturers of chinaware or earthenware; that China Sales Syndicate is an agent for,

or connected with, a manufacturer or manufacturers of chinaware or earthenware; that the United States Sales Corporation and Rogers Silverware Bureau are agents for, or connected with, Simon L. and George H. Rogers Co.; that the Bordeaux China Sales Co. is a manufacturer of chinaware and earthenware; that the purchasers of said certificates, coupons, or cards are dealing directly with the manufacturer; that the United States Sales Corporation and Rogers Silverware Bureau are agents for, and connected with, the Simon L. and George H. Rogers Co., of Oneida, N. Y.; that respondents will redeem such certificates, coupons, or cards with silverware, chinaware, or earthenware of the same grade and quality as the samples displayed to the purchaser of said certificates, coupons, or cards, or of the grade and quality represented by said agents; that full sets of either chinaware, earthenware, or silverware, are furnished by respondent to the purchasers of the certificates, coupons, or cards; that respondents will redeem the certificates, coupons, or cards, calling for silverware, in "genuine Rogers 1847 Silverware," or "genuine Rogers Silverware," or "genuine Simon L. and George H. Rogers Silverware"; that respondents will refund to the purchaser upon the redemption of said certificates, coupons, or cards \$4.50 or \$5 per thousand, as the case might be; that the respondents will redeem said certificates, coupons, or cards in silverware, chinaware, or earthenware, without any additional cost to the purchaser or purchaser's customers; that when the purchaser has exhausted his original supply of certificates, coupons, or cards, respondents will furnish the purchaser with redeemed certificates, coupons, or cards, without cost; that respondents will not sell any other retail dealer in purchaser's trade area, that respondents will send to the purchaser's customers, circulars, and other advertising matter and that the purchaser has been specifically selected by respondents to handle said certificates, coupons, or cards in the trade area or territory in which the purchaser's place of business is located; that the said manufacturers of silverware, chinaware, and earthenware have adopted the premium certificates, coupons, and cards plan as a method of advertising.

PAR. 6. In truth and in fact, respondents do not as individuals, nor while carrying on such business through the use and in the name of any of the above-described corporate entities, nor while operating under any of the various trade names adopted, manufacture silverware, chinaware, or earthenware, neither are respondents nor any of the corporate entities, by and through which respondents carry on said business, connected in any manner with any manufacturer or manufacturers of silverware, chinaware, or earthenware, except as purchasers of said products. Respondents do not redeem said certificates,

coupons or cards with "genuine Rogers 1847 Silverware," or "genuine Rogers Silverware," or "genuine Simon L. and George H. Rogers Silverware," nor with any high-grade silverware. Respondents do not redeem any of said certificates, coupons, or cards with chinaware and earthenware of the same quality and grade as the chinaware and earthenware displayed to the prospective purchaser by the respondents' agents while offering for sale and selling said certificates, coupons, or cards. When respondents do redeem any of said certificates, coupons, or cards, they do so with silverware, chinaware, and earthenware of a very inferior grade and quality. Respondents have adopted the practice of not redeeming such certificates, coupons, or cards and have adopted the practice of not refunding any amount to the purchaser of such certificates, coupons, or cards. The contracts for the purchase of said certificates, coupons, and cards are, in every instance, artfully drawn in such a manner as to mislead and deceive the purchaser of said certificates, coupons, and cards as to the terms and conditions thereof and in such a manner as to enable respondents to deprive the purchasers of said certificates, coupons, and cards of any benefits from the transaction. In some of the contracts, it is stated that certificates, coupons, or cards will be redeemed, according to the terms written on the certificates, coupons, or cards—in such cases, the purchaser learns upon receipt of such certificates, coupons, or cards that in order for the customer to get them redeemed, it is necessary to transmit to the respondents a stipulated amount of money with each certificate, coupon, or card, or an amount to be fixed by respondent for "packing and the cost of transportation." The amount required in such cases is more than the actual value, and more than the customary price of silverware, chinaware, and earthenware of the same grade and quality. Respondents do not circularize the purchaser's customers, and the only literature sent out are circulars containing cuts of premiums, and a schedule showing under what terms said certificates will be redeemed. Respondents do not specifically select certain retail dealers to purchase said premium certificates, coupons, or cards, but sell said certificates, coupons, or cards indiscriminately wherever they can find a purchaser, and sell to more than one dealer in a specified area or trade territory. Said premium certificate, coupon, and card plan, sold by respondents is not an advertising method adopted by said manufacturers of silverware, chinaware, and earthenware, but is a scheme, promulgated by respondents, to sell silverware, chinaware, and earthenware. By this plan respondents are able to get distributed among the public numerous incomplete sets of silverware, chinaware, and earthenware. Each holder of an incomplete set of silverware, chinaware,

and earthenware thereby becomes a prospective customer for a sufficient quantity of respondents' product to fill out the incomplete set.

PAR. 7. As a direct consequence of the mistaken and erroneous beliefs induced by the acts and practices of respondents as are hereinabove set-out, a portion of the purchasing public has purchased a substantial amount of respondents' product with the result that trade has been unfairly diverted to respondents from respondents' competitors. As a result of the unfair acts and practices of respondents, injury has been, and is now being, done to competition in commerce among and between the various States of the United States and of the District of Columbia.

PAR. 8. In addition to the unfair acts and practices hereinabove set-out, respondents, using United States Sales Corporation as a channel through which to carry on their business, have been and are now engaged in the sale and distribution of radios and lottery schemes, to retail merchants located in the various States of the United States and the District of Columbia, and have caused, and do cause, said radios and the paraphernalia for carrying on said lotteries, when sold, to be shipped and transported in commerce from respondents' place of business in Chicago, Ill., to the purchaser thereof located in States of the United States other than the State of Illinois. Respondents have maintained and do now maintain a constant current of trade in commerce in said products in and among the various States of the United States and the District of Columbia.

PAR. 9. In the course and conduct of their business as aforesaid, respondents sell and distribute, to retail merchants, radios, and to be used in connection therewith, lottery schemes, and the paraphernalia and devices for carrying out said lottery schemes and the distribution of said radios by chance. In carrying on said business, respondents sell to the retail merchant a lottery scheme whereby the retail merchant is to receive a padlock and a number of keys, the number of keys being, in practically every instance, 3,950. Said keys are distributed by the retail merchant among his customers—one key being given with each purchase of a given amount of merchandise, said amount to be fixed by the retail merchant. When a fixed number of said keys, usually the entire number furnished by the respondents, have been distributed among the customers of the merchant, the keys, so distributed, are collected by the merchant and fitted into the said padlock. One of the keys distributed will fit the padlock, and to the holder thereof, the merchant delivers a radio furnished by the respondents. Said radios are thus distributed to the customers of said retail merchants by lottery, gift enterprise, or game of chance.

Respondents thus supply to and place in the hands of others, the means of conducting lotteries in the sale of its said radios in accordance with the plan hereinabove set forth. The use, by the respondents, of said method in the distribution of said radios and the sale of said radios, by and through the use thereof is a practice contrary to the established public policy of the United States and contrary to the laws of many of the States of the United States, and because of this fact many competitors of respondents are unwilling to offer for sale or sell their merchandise so as to involve a game of chance and such competitors refrain therefrom.

Many retail merchants are attracted by the element of chance involved in respondents' sales methods as above described, and are thereby induced to purchase respondents' merchandise and participate in said plan in preference to the same or similar merchandise from respondents' competitors who do not use the same or equivalent methods in selling or distributing their merchandise.

PAR. 10. The use of said lottery scheme, or game of chance, in the sale and distribution of respondents' radios in trade and commerce, had, and now has, the tendency and capacity to, and did, and does, unfairly divert trade and commerce to respondents from respondents' competitors who do not use the same or similar methods. The use of said method has the tendency and capacity to lessen competition in said trade and to deprive the purchasing public of the benefits of free competition in said trade. Many retail merchants will not resort to the use of a lottery or any method of trade involving a game of chance, nor the sale of a chance to win radios, or any other merchandise by chance, because said method is contrary to the public policy of the United States and to the laws of many of the States of the United States, and because the use of such methods are detrimental to public morals and to the morals of persons among whom said chances are distributed.

PAR. 11. In the course and conduct of their business as aforesaid, respondents, through agents and salesmen, thereunto duly authorized, have represented, and do now represent, to retailers that the lottery plan or scheme as above set-out is a sales-promotion plan devised by the respondents to get their radios before the public and that the retailer participating in the plan may do so without cost, in that the respondents sell such retailer the plan, including the merchandise given as a prize, at a price which is equivalent to 1 cent per key for the keys furnished and represent that they, the respondents, when the prize merchandise has been distributed, will pay to the retailer the sum of 1 cent for each key returned to respondents, thereby returning to the retailer all of the money paid to the respondents,

if all of the keys are returned, and that the retailer thereafter will have the agency for and receive a commission on the sales of respondents' radios in the particular territory where the retailer is located; that upon the purchase of said padlock and keys and lottery scheme, by the retail merchant, respondents will send a representative to deliver said material and paraphernalia and to inaugurate said sales plan; that respondents will circularize the purchaser's customers with advertisements advertising said scheme; that in the lot of keys supplied the retail merchant there will only be one key that will unlock the padlock. Respondents further represent that the retail prices of the radios supplied with said scheme range from \$24.90 to \$39.99. Respondents, before delivering said radios to the retail merchant, places price tags on said radios stating the retail price to be as above set-out.

The contracts used by respondents in the sale and distribution of said radios and lottery schemes contain the following clause: "Guaranteed cash rebate at our prevailing cost, upon receipt thereof, for all keys returned at end of campaign." Said agents and salesmen of respondents represent to the retail dealer that the term "prevailing cost" means the cost paid by the retail dealer at the time of the purchase, that is, 1 cent per key.

PAR. 12. Said representations on the part of respondents are highly exaggerated, false, and misleading and had, and now have, the tendency and capacity to mislead and deceive, and did, and do mislead and deceive the purchasing public, and did and do lead them into the erroneous belief that all of said representations are true and into the belief that said lottery plan or scheme is a sales-promotion plan devised by the respondents to get their radios before the public; that the retailers participating in the plan may do so without cost; that respondents will refund to the purchaser 1 cent per key for each key returned to respondents after the campaign is concluded; that the retailer will have the agency for and receive a commission on the sales of respondents' radios in the particular territory where the retailer is located; that the merchandise will be delivered by a representative of respondents; that a representative of respondents will be present and inaugurate said lottery scheme or sales plan; that respondents will circularize the retailers' customers with advertisements advertising said plan; that there is only one key in the lot of keys supplied by respondents that will unlock the padlock; that the radios supplied with said keys retail for \$24.95, \$29.95, and \$39.95; that the term "prevailing cost" in said contract means the price paid by the retailer for said keys.

Findings

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PAR. 13. In truth and in fact the lottery plan or scheme so distributed by the respondents is not a sales-promotion plan to get respondents' products before the purchasing public, but is a scheme to dispose of their said products to retailers. Respondents fail and refuse to redeem the keys returned to them by the retailers participating in the plan at the rate of 1 cent each, and to return to the said retailers all, or a substantial part, of the money paid to respondents. When the retailer returns any of the keys for a refund the respondents construe the term "prevailing cost," in said contract to be the cost of said keys to respondents—the cost to the said respondents for said keys being from 70 cents to \$1 per 1,000. The padlock, keys, and radios, included in said transaction are not delivered to the retailers by representatives of respondents but are sent to the retailer through the United States mail or by express, c. o. d. Respondents do not send a representative to be present at the time the plan is inaugurated or concluded. Respondents do not circularize the retailers' customers nor advertise said plan. After the retailer has distributed said keys according to said plan and the keys are returned to the retailer, the retailer learns that not only 1 key, but several of said keys, and in many instances practically every one of said keys, will open the lock. The radios distributed by respondent do not retail for \$24.95, \$29.95, nor \$39.95.

Retailers have no opportunity to learn prior to the time of full payment of money to the respondents, for their participation in the plan, that the representations made by the respondents are false, for respondents demand and receive a substantial deposit at the time the retailer agrees to participate in the plan and the prize merchandise, paraphernalia, and devices used in the plan are shipped to the retailer c. o. d. Full payment is made by the retailer before inspection.

PAR. 14. The aforesaid representations and implications of respondents are false and misleading, and have the tendency and capacity to, and do, cause many retailers to erroneously believe that said representations are true, and cause a substantial portion of said retailers to participate in said plan and to purchase merchandise from said respondents because of such erroneous belief, thereby unfairly diverting substantial trade in said commerce to the respondents from their competitors, who truthfully represent their merchandise and sales plans, to the injury of said competitors in said commerce, and to the injury of the public.

PAR. 15. The respondent, Lorina Steffy, took no part in the business activities complained of in the instant proceeding, other than acting in a purely formal capacity in connection with the organization of certain of the corporations mentioned herein.

CONCLUSION

The aforesaid acts and practices of respondents as herein found are all to the prejudice of the public and the respondents' said competitors, and constitute unfair methods of competition in commerce within the intent and meaning of the Federal Trade Commission Act.

ORDER TO CEASE AND DESIST

This proceeding having been heard by the Federal Trade Commission upon the complaint of the Commission and the answer of respondents William C. Steffy and G. V. Parkinson, in which said respondents admit all of the material allegations of fact set forth in said complaint and state that they waive all intervening procedure and further hearings as to said facts, and upon the testimony taken before Robert S. Hall, an examiner of the Commission theretofore duly designated by it, relative to the acts and practices of respondent Lorina Steffy, and the Commission having made its findings as to the facts and its conclusion that respondents William C. Steffy and G. V. Parkinson have violated the provisions of the Federal Trade Commission Act.

It is ordered, That the respondents, William C. Steffy and G. V. Parkinson, individually and trading as Atlas Globe China Co., Advertising Department, Rogers Silverware Distributors, Bordeaux China Co., or China Sales Syndicate, or trading under any other name or names, or trading through the corporations Security Silverware Distributors, Inc., United States Sales Corporation, or through any other corporation or corporations, their representatives, agents, and employees, directly or through any other corporate or other device, in connection with the offering for sale, sale and distribution of silverware, earthenware, chinaware, radios, or sales-promotional plans, including premium certificates, coupons, cards, or other and similar devices redeemable in silverware, earthenware, chinaware, or any other merchandise, in commerce, as commerce is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing through the use of the term "Rogers Silverware" either alone or in connection with any other term or terms in a corporate or trade name, or in any other manner, that respondents have an interest in, form a part of, or have any connection with, the manufacturers of Simon L. and George H. Rogers Silverware, or from representing in any manner that respondents have an interest in, form a part of, or have any connection with the International Silverware Co., the Atlas Globe China Co. or any other manufacturer or manufacturers of silverware, chinaware, or earthenware.

2. Representing through the use of the term "Rogers Silverware" either alone or in connection with any other term or terms, or in any other manner, that premium certificates, cards, coupons, or other and similar devices can be redeemed in silverware manufactured by the manufacturers of Simon L. and George H. Rogers Silverware, or can be redeemed in any other silverware or other merchandise, unless and until such are the facts and unless all the terms and conditions of such offer are clearly and unequivocally stated in equal conspicuousness and in immediate connection or conjunction with said offer and there is no deception as to the price, quality, character, or any other feature of such silverware or other merchandise or as to the services or other actions to be performed or the price to be paid in connection with obtaining such silverware or other merchandise.

3. Representing that respondents are conducting any special campaign or advertising campaign to introduce, advertise, or sell any article or articles of merchandise on behalf of a manufacturer or manufacturers of silverware, earthenware, or chinaware, or any other manufacturer or concern unless such a campaign is in fact being conducted at the instance of and on behalf of such manufacturer or concern.

4. Representing that respondents sell premium certificates, cards, coupons, or other and similar devices or other merchandise in any territory or locality exclusively to any purchaser therein unless and until such is the fact.

5. Representing that respondents will refund the sum of \$4.50 or any other sum to the purchasers of premium certificates, cards, coupons, or other and similar devices or that the respondents will supply to their customers without charge display sets of silverware or other merchandise to become the property of such customers unless and until such are the facts and unless all of the terms and conditions of such offer or offers are clearly and unequivocally stated in equal conspicuousness and in immediate connection or conjunction with such offer or offers and there is no deception as to the services or other actions to be performed by such purchasers or customers in connection with obtaining such refund and display set of silverware or other merchandise.

6. Representing that the retail price of radios is \$24.90 or \$39.99 or any other amount or amounts unless and until said radios are customarily and ordinarily sold at retail at such amount or amounts.

7. Supplying to, or placing in the hands of, others said radios or other merchandise together with a padlock and a number of keys which said padlock and keys are to be used or may be used to conduct

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Order

a lottery, gaming device, or gift enterprise in the sale or distribution of said radios or other merchandise to the general public.

8. Selling or otherwise disposing of any merchandise by means of a lottery, game of chance, or a gift enterprise.

9. Supplying to, or placing in the hands of, others any lottery device, game of chance, or a gift enterprise so as to enable such persons to dispose of or sell any merchandise by the use thereof.

It is further ordered, That this proceeding insofar as it relates to respondent Lorina Steffy, be and the same hereby is, closed without prejudice.

It is further ordered, That the respondents, William C. Steffy and G. V. Parkinson, shall, within 60 days after service upon them 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.

IN THE MATTER OF
ISADORE H. LUKACHER, TRADING AS CASA BLANCA
CIGAR COMPANY AND BELVEDERE TOBACCO COM-
PANY, AND BERT LUKACHER

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

Docket 3589. Complaint, Sept. 15, 1938—Decision, Aug. 2, 1939

Where (1) word "Havana," or "Habana," when used to or describe tobacco, had been used and understood since time immemorial by cigar manufacturers and dealers and by cigar-consuming public as designating or referring to tobacco grown on Island of Cuba, where is grown cigar tobacco of finest quality, and such Havana tobacco had long been imported into the United States and extensively used and consumed in cigars made in whole or in part therefrom, and had reputation among cigar dealers and cigar-consuming public as cigar tobacco of highest quality and excellence, and last word in quality, aroma, and taste, and cigars made therefrom were in large demand throughout the United States, and cigars containing same were purchased by many of said public in belief that use thereof in cigars added to and increased their quality and desirability, and word "Havana" used as cigar band or label indicated to trade and public clear Havana cigar, or one made entirely of Havana leaf, and was thus used by reputable cigar manufacturers only with such cigars, and term "Havana blend," used in connection with cigar, indicated to trade and consuming public that such cigar contained percentage of Havana leaf or tobacco grown on Island of Cuba; and where (2) term "Vuelta Abajo" was name of district in Cuba, tobacco of which had long been considered by cigar trade and consuming public as of higher and more desirable quality than any other tobacco, and cigars of which were purchased by many of said public in preference to those made from tobacco grown elsewhere, and said term, when used as brand for cigars, signified to trade and public alike very high-grade Havana tobacco; and where (3) expressions "Cuban workmanship" and "made in Tampa" on cigar box container indicated to trade and public high-grade cigar made in Cuban style at Tampa, in which city and immediately surrounding territory, or Tampa District, had long been made cigars manufactured principally from tobacco grown in and imported from Cuba and widely and favorably known as "Tampa cigars"; and

Thereafter, individual, with principal office and place of business in Pennsylvania, and there engaged in manufacturing various brands of cigars and in selling and distributing same to jobbers, chain establishments, and retailers throughout the United States, and son of said individual, associated with him in aforesaid business and participant with him in active management and control thereof, and in formulating its policies as below set forth, and who branded their cigars with various names, to retail at 10 cents or 5 cents, as case might be, depending upon particular brand or label used, and who, as aforesaid engaged, were in competition with others also engaged in manufacture, sale, and distribution of cigars in