

Syllabus

IN THE MATTER OF

NORMAN D. LOUGHLIN, L. E. RUPPE, BERNAL H. DYAS,
RUTH C. HEMSTREET, VOLNEY T. JAMES, AND PAGE
H. LAMOREAUX, TRADING AS RULO COMPANY; AND
RULO CORPORATION

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

Docket 3761. Complaint, Apr. 14, 1939—Decision, June 22, 1940

Where three individuals and a corporation which succeeded to business theretofore conducted by them and of which they were officers or directors, and sales policies, advertisements and other activities of which, with respect to acts and practices below set forth, they directed and controlled, engaged in sale and distribution of their "Rulo Automatic Injector" for attachment to automotive engines and of their "Rulo Energy Fluid" for use in said devices; in advertisements of their said devices in newspapers, and circulars or printed matter distributed in commerce, and in continuities broadcast from radio stations of extra-state audience—

- (a) Represented, directly and by implication, that use of said device and fluid would effect substantial economy in the operation of an automobile through lessening gasoline and oil consumption and would effect a saving of from 20 percent to 55 percent in the gasoline used, and 10 percent of the gasoline used in the operation of every car driven 1,500 miles or more a month;
- (b) Represented that use thereof would substantially increase the power and compression of the motor and would remove carbon therefrom and prevent its formation therein, and would substantially lessen engine friction and attendant engine wear; and
- (c) Represented that use thereof would eliminate necessity of grinding valves and prevent them from sticking and seat valves and prevent motor from knocking, and that through use of said device and fluid, first-grade or Ethyl gasoline performance could be obtained with third grade gasoline, and that such use would prolong life of motor and cause it to operate more smoothly and with less heat, and would prolong the life and seal rings of motor, and stop or lessen oil pumping thereby;

Facts being use thereof would not save any substantial amount in cost of gasoline and oil consumed by any car driven any distance for any length of time, and would not accomplish any such savings as above represented, such use would not bring about same performance with third grade gasoline as that obtained from first-grade or Ethyl gas, and would not otherwise bring about various results and improvements claimed therefor as above set out; and

- (d) Represented that said Rulo Energy Fluid was a synthetic product scientifically made from a secret formula, and that use thereof removed hard carbon, and that said fluid was a perfect heat resistant lubricant, and that through use thereof perfect lubrication in the upper cylinder was assured even when motor was cold when starting, and that use thereof stopped motor wear;

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Facts being it was not made from a secret formula and was not a perfect heat resistant lubricant, but was a lubricating oil to which had been added small quantity of colloidal graphite, addition of which does not enhance value of lubricating oil for use in automotive engines, and it would not accomplish results claimed for it as above set forth;

With effect of misleading and deceiving members of purchasing public in various States into erroneous and mistaken belief that said statements and representations were true and, by reason of such belief, into purchasing substantial quantities of their said device and lubricant, and with direct result, as a consequence thereof, that trade in commerce among the various states was diverted unfairly to said individuals and corporation from their competitors engaged in sale and distribution of devices and lubricants designed for similar usage; to the substantial injury of competition in commerce: *Held*, That such acts and practices, under the circumstances set forth, were all to the prejudice and injury of the public and competitors, and constituted unfair methods of competition in commerce.

Before *Mr. John J. Keenan*, trial examiner.

Mr. R. A. McQuat and *Mr. DeWitt T. Puckett* for the Commission.

Mr. Nathan M. Dicker, of Los Angeles, Calif., for L. E. Ruppe.

Hervey & Hervey, of Los Angeles, Calif., for Bernal H. Dyas.

Mr. Gilbert J. Heyfron, of Hollywood, Calif., for Volney T. James.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said act, the Federal Trade Commission, having reason to believe that Norman D. Loughlin, L. E. Ruppe, Bernal H. Dyas, Ruth C. Hemstreet, Volney T. James, and Page H. Lamoreaux, individually and trading as Rulo Co., and Rulo Corporation, a corporation, hereinafter referred to as respondents, have violated the provisions of the said Act, and it appearing to the 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, Norman D. Loughlin, L. E. Ruppe, Bernal H. Dyas, Ruth C. Hemstreet, Volney T. James, and Page H. Lamoreaux, are individuals and for more than one year prior to April, 1936, traded as the Rulo Co. and had their office and principal place of business in the city of Los Angeles, State of California. Respondent, Rulo Corporation, is a corporation organized, existing, and doing business under and by virtue of the laws of the State of California and having its office and principal place of business at 3636 Beverly Blvd., in the city of Los Angeles, State of California.

Respondents, Norman D. Loughlin, L. E. Ruppe, Bernal H. Dyas, Ruth C. Hemstreet, Volney T. James, and Page H. Lamoreaux, trading as Rulo Company, were prior to April 1936, and the Rulo

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Corporation is now, and has been since April 1936, engaged in the business of selling and distributing a device known as "Rulo Automatic Injector," designed to be attached to automobile motors, and a fluid known as "Rulo Energy Fluid" designed for use in said device. During the times herein mentioned respondents have caused said device and fluid, when sold or ordered, to be transported from the State of California to the purchasers thereof at their respective points of location in various States of the United States other than the State of California. Respondents maintain, and at all times mentioned herein have maintained, a course of trade in commerce in said device and fluid among and between various States of the United States. Respondents, Lamoreaux, Hemstreet, and Dyas, are the directors, and respondents, Lamoreaux, Hemstreet, and James are the officers of respondent, Rulo Corporation, and direct and control the sales policies, advertisements and other activities of the said corporation with respect to the acts and practices herein described.

PAR. 2. Respondent, Rulo Corporation, is now, and all respondents have been during the times mentioned herein, in competition with other corporations and individuals and with firms and partnerships, engaged in the business of selling and distributing devices and fluids designed for similar uses in commerce among and between the various States of the United States and in the District of Columbia.

PAR. 3. In the course and conduct of their aforesaid business and for the purpose of inducing the purchase of their said device and fluid respondents have caused statements and representations relative to the effectiveness in use of said device and fluid to be inserted in advertisements in newspapers, periodicals, circulars and other printed matter, all of which are and were distributed in commerce, as commerce is defined in the Federal Trade Commission Act, and in continuities broadcast from radio stations which have power to and do convey the programs emanating therefrom to the listeners thereto located in various States of the United States other than the State from which said broadcasts originated. Among and typical of the statements and representations contained in said advertisements so used and disseminated as aforesaid are the following:

NEW DISCOVERY GIVES
UP TO 45% MORE
GASOLINE MILEAGE

Motorists! The amazing RULO Gas-Saver is guaranteed to Save you up to 45% on gasoline! Eliminate any need for valve-grinding! Decrease oil consumption! Give you near-Ethyl performance on third-grade gasoline! Increase compression-power! Keep a new motor NEW, and make an OLD motor run like new!

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KNOCK! KNOCK! FOLKS!

When your motor starts singing this song you don't have to ask "Who's there?" It is hard carbon * * *

My Rulo Automatic Injector will stop this knocking. In fact, it will take the hard carbon out of your motor and keep it out forever.

Prolongs the life of motor rings. Increases the mileage on lubricating oil. Rulo eliminates seventy-five percent motor wear. Guaranteed to stop your oil pumping.

RULO GAS-SAVER

This is what you obtain by installing a Rulo—this is what we guarantee—that by letting us install this **NATIONALLY RECOGNIZED** Rulo device in your car, you will secure a **20% SAVING IN GASOLINE!**—or money cheerfully refunded without **ANY** red tape!

Call today and have a Rulo put on your car—\$9.50 completely installed. If, like the average motorist, you drive 1500 miles each month, it is actually possible for you to save \$10 each and every month with a Rulo.

Rulo is patented. It is a carburetor-type device—maintains a constant indestructible film of colloidal graphite (Rulo fluid) in the combustion chamber of your motor—eliminates need of expensive "valve grinds"—gives your motor more pep and compression—reduces wear and tear—prolongs the life of your motor—enables you to use cheaper gasoline and still get "top" performance—is absolutely harmless to all internal combustion engines—Do not confuse Rulo with so-called "gas-savers"!

RULO

Energy FLUID

Perfect Upper CYLINDER LUBRICATION

STOPS

MOTOR

WEAR!

75% of all motor wear occurs when a motor is started cold. Raw gas washes off what little oil has remained on frictional parts. Before the oil pump can force the thickened oil upward, the motor is grinding metal on metal.

When Rulo Energy Fluid is properly injected into the explosion chamber of your automobile, heat will not burn it off, gas cannot wash it off, and you are assured of perfect lubrication in the upper cylinder even when the motor is started cold.

Rulo Energy Fluid is a super-treated colloidal graphite, upper cylinder lubricant, compounded for use only in the Rulo Automatic Injector.

PERMANENTLY

REMOVES

CARBON

Rulo Energy Fluid is a synthetic product made scientifically to withstand more than the terrific heat of the explosion chamber of an automobile, truck, tractor or motor-boat. * * * a secret neutral formula is added for the purpose of removing hard carbon.

The Perfect Heat Resisting Lubricant.

RULO

Energy

FLUID

The aforesaid statements and representations, together with others of similar import and meaning not herein set out but disseminated as aforesaid, purport to be descriptive of respondent's device and fluid and their effectiveness in use. In the manner and by the means aforesaid the respondents represent directly and by implication that the use of said device and fluid will effect substantial economies in the operation of an automobile through lessening the gasoline and oil consumption of the automobile motor; that the use of such device and fluid will effect a saving of from 20 to 55 percent in the gasoline used in the operation of an automobile and will save 10 percent of the gasoline used in the operation of every car driven 1,500 or over miles per month; that the use of such device and fluid will substantially increase the motor power and compression pressure of the automobile motor; will remove carbon from the motor and prevent the formation of carbon therein; will substantially lessen engine friction and attendant engine wear; eliminate the necessity of grinding the valves; prevent valves from sticking and seat valves; prevent the motor from knocking; that by the use of such device and fluid first structure or ethyl gasoline performance can be obtained with third structure gasoline; that the use of such device and fluid will prolong the life of the motor; will cause the motor to operate smoother and with less heat; will prolong the life and seal the rings of the motor and will stop or lessen oil pumping by the motor.

Respondents also represent that the Rulo Energy Fluid is a synthetic product scientifically made from a secret formula; that the use of such fluid removes hard carbon; that such fluid is a perfect heat resistant lubricant; that by the use of such fluid perfect lubrication in the upper cylinder is assured even when the motor is cold when started; and that the use of such fluid stops motor wear.

PAR. 4. In truth and in fact the statements and representations by respondents disseminated as aforesaid are deceptive, misleading, exaggerated, and untrue. In truth and in fact the use of such device and fluid will not effect economies in the use of an automobile through lessening the gasoline and oil consumption of the motor. The use of such device and fluid will not save from 20 to 55 percent of the gasoline used in the operation of an automobile motor and will not save 10 percent of the gasoline used in the operation of any car driven 1,500 or over miles per month. In truth and in fact the use of such device and fluid does not save any amount in the cost of gasoline and oil consumed by any car driven any distance for any length of time. The use of such device and fluid will not increase the motor power and the compression power of an automobile motor; will not remove carbon from the motor or prevent the formation of carbon therein;

will not lessen engine friction or attendant engine wear; will not eliminate the necessity of grinding the valves; will not prevent valves from sticking; will not seat valves, and will not prevent the motor from knocking. First structure or ethyl gasoline performance cannot be obtained from third structure gasoline by the use of such device and fluid. The use of such device and fluid will not prolong the life of motors or cause motors to operate smoother or with less heat; will not prolong the life or seal the rings of the motor, and will not stop or lessen oil pumping by the motor.

The Rulo Energy Fluid is not made from a secret formula, and it is not a perfect heat resistant lubricant. The use of such fluid does not stop motor wear or remove carbon from the motor. The use of such fluid does not assure perfect lubrication in the upper cylinder of the motor at any time. Rulo Energy Fluid is a lubricating oil to which a small quantity of colloidal graphite is added. The addition of colloidal graphite does not enhance the value of lubricating oil for use in automobile engines.

PAR. 5. The use by the respondents of the aforesaid statements and representations, disseminated as aforesaid, has, and had, the tendency and capacity to, and does, and did, mislead and deceive members of the purchasing public, situated in various States of the United States, into the erroneous and mistaken belief that the aforesaid statements and representations are and were true and into purchasing substantial quantities of respondents' device and lubricant because of said erroneous and mistaken belief. As a direct result thereof trade in commerce among and between various States of the United States has been diverted unfairly to the respondents from their said competitors engaged in selling and distributing devices and lubricants designed for similar usages. In consequence thereof substantial injury has been done by the respondents to competition in commerce among and between the various States of the United States and in the District of Columbia.

PAR. 6. The aforesaid acts and practices of respondents, as herein alleged, are all to the prejudice and injury of the public and of respondents' competitors and constitute unfair and deceptive acts and practices in commerce and unfair methods of competition in commerce within the intent and meaning of the Federal Trade Commission Act.

REPORT, FINDINGS AS TO THE FACTS, AND ORDER

Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission on the 14th day of April 1939, issued and thereafter served its complaint in this proceeding upon each of the respondents, charging the use of unfair and deceptive acts and practices in commerce and unfair methods of competition in

commerce in violation of the provisions of said act. On July 26, 1939, after the issuance of said complaint and the filing of respondent L. E. Ruppe's answer thereto, testimony and other evidence in support of the allegations of said complaint were introduced by D. T. Puckett, Esq., attorney for the Federal Trade Commission, and in opposition to the allegations of the complaint by Nathan M. Dicker, 416 West Eighth Street, Los Angeles, Calif., attorney for respondent L. E. Ruppe, before John J. Keenan, an examiner of the Commission theretofore duly designated by it, and said testimony and other evidence were duly recorded and filed in the office of the Commission. On September 25, 1939, respondent Bernal H. Dyas filed an answer stating that he has no connection with or interest in the Rulo Company or Rulo Corporation, and had not for a period of over two years, and that he knows nothing concerning the material allegations of fact set forth in the complaint and that he waives all intervening procedure, and further hearing as to said facts, and states that the Federal Trade Commission may make such disposition of the matter as it deems fit, and further states that the Federal Trade Commission may make its order that Rulo Company, Rulo Corporation and respondent Dyas cease and desist from doing any of the matters or things set forth in the complaint as in violation of law. On September 25, 1939, the respondents Norman D. Loughlin, Volney T. James, and on October 2, 1939, respondents Page H. Lamoreaux and the Rulo Corporation, filed separate answers admitting all the material allegations of fact set forth in said complaint and waiving all intervening procedure and further hearing as to said facts, which answers were duly filed in the office of the Commission. Thereafter, this proceeding regularly came on for final hearing before the Commission on said complaint, the separate answers thereto, testimony and other evidence, 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. From the year 1935 to January 1938, respondents Normal D. Loughlin, Volney T. James, and Page H. Lamoreaux traded as the Rulo Co., and had their office and principal place of business in the city of Los Angeles, State of California.

Respondent Rulo Corporation is a corporation organized and has done business under and by virtue of the laws of the State of California, with its office and principal place of business at 309 South Western Street and various other locations in the city of Los Angeles, Calif.

Respondents Norman D. Loughlin, Volney T. James, and Page H. Lamoreaux, trading as Rulo Co., were, prior to April, 1936, and the Rulo Corporation has been, since April 1936, engaged in the business of selling and distributing a device known as "Rulo Automatic Injector," designed to be attached to automobile engines, and a fluid known as "Rulo Energy Fluid," designed for use in said device. During the times herein mentioned respondents have caused said device and fluid when sold or ordered to be transported from the State of California to the purchasers thereof at their respective points of location in various States of the United States other than the State of California. Respondents maintain, and at all times mentioned herein have maintained, a course of trade in commerce in said device and fluid among and between various States of the United States and in the District of Columbia.

Respondent Lamoreaux was director, and the respondents Lamoreaux and James were officers of the respondent Rulo Corporation, and directed and controlled the sales policies, advertisements and other activities of said corporation with respect to the acts and practices herein described.

Respondents L. E. Ruppe and Barnal H. Dyas did not participate in any way in the manufacture, marketing, or advertising of the products sold and distributed by the other respondents.

Respondent Ruth C. Hemstreet was an employee of the corporate respondent, and at the instance, request and instructions of respondent Lamoreaux, acted as an officer of said corporation. Said respondent Hemstreet, while acting as an officer of respondent Rulo Corporation, did not at any time take any part in the manufacture, sale, distribution, or advertising of any of its products except in carrying out the instructions of the respondent Page H. Lamoreaux.

None of the respondents has been engaged in the marketing, sale and distribution of "Rulo Automatic Injector" or "Rulo Energy Fluid" since January 1, 1938.

PAR. 2. Respondents Lamoreaux, James, Loughlin, and Rulo Corporation had been, prior to January 1, 1938, in competition with other corporations and individuals, and with firms and partnerships engaged in the business of selling and distributing devices and fluids designed for similar uses, in commerce among and between the various States of the United States and in the District of Columbia.

PAR. 3. In the course and conduct of their aforesaid business and for the purpose of inducing the purchase of their said device and fluid, respondents Loughlin, James, Lamoreaux, and Rulo Corporation have caused statements and representations relative to the effectiveness in use of said device and fluid to be inserted in advertisements in news-

papers, periodicals, circulars, and other printed matter, all of which were distributed in commerce, as commerce is defined in the Federal Trade Commission Act, and in continuities broadcast from radio stations which have power to and do convey the programs emanating therefrom to the listeners thereto located in various States of the United States other than the States from which said broadcasts originated. Among and typical of the statements and representations contained in said advertisements so used and distributed as aforesaid are the following:

NEW DISCOVERY GIVES
UP TO 45% MORE
GASOLINE MILEAGE!

Motorists! The amazing RULO Gas-Saver is guaranteed to Save you up to 45% on gasoline! Eliminate any need for valve-grinding! Decrease oil consumption! Give you near-Ethyl performance on third-grade gasoline! Increase compression-power! Keep a new motor NEW, and make an OLD motor run like new!

KNOCK! KNOCK! FOLKS!

When your motor starts singing this song you don't have to ask "Who's there?". It is hard carbon * * *

My Rulo Automatic Injector will stop this knocking. In fact, it will take the hard carbon out of your motor and keep it out forever.

Prolongs the life of motor rings. Increases the mileage on lubricating oil. Rulo eliminates seventy-five percent motor wear. Guaranteed to stop your oil pumping.

RULO GAS-SAVER

This is what you obtain by installing a Rulo—this is what we guarantee—that by letting us install this NATIONALLY RECOGNIZED Rulo device in your car, you will secure a 20% SAVING IN GASOLINE!—or money cheerfully refunded without ANY red tape!

Call today and have a Rulo put on your car—\$9.50 completely installed. If, like the average motorist, you drive 1,500 miles each month, it is actually possible for you to save \$10 each and every month with a Rulo.

Rulo is patented. It is a carburetor-type device—maintains a constant indestructible film of colloidal graphite (Rulo fluid) in the combustion chamber of your motor—eliminates need of expensive "valve grinds"—gives your motor more pep and compression—reduces wear and tear—prolongs the life of your motor—enables you to use cheaper gasoline and still get "top" performance—is absolutely harmless to all internal combustion engines—Do not confuse Rulo with so-called "gas-savers"!

R U L O

Energy FLUID

Perfect Upper CYLINDER LUBRICATION

STOPS

MOTOR

WEAR!

Findings

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75% of all motor wear occurs when a motor is started cold. Raw gas washes off what little oil has remained on frictional parts. Before the oil pump can force the thickened oil upward, the motor is grinding metal on metal.

When Rulo Energy Fluid is properly injected into the explosion chamber of your automobile, heat will not burn it off, gas cannot wash it off, and you are assured of perfect lubrication in the upper cylinder even when the motor is started cold.

Rulo Energy Fluid is a super-treated colloidal graphite, upper cylinder lubricant, compounded for use only in the Rulo Automatic Injector.

PERMANENTLY**REMOVES****CARBON**

Rulo Energy Fluid is a synthetic product made scientifically to withstand more than the terrific heat of the explosion chamber of an automobile, truck, tractor or motor-boat. * * * a secret neutral formula is added for the purpose of removing hard carbon.

The Perfect Heat Resisting Lubricant.

R U L O**Energy****F L U I D**

The aforesaid statements and representations, together with others of similar import and meaning not herein set out but disseminated as aforesaid, purport to be descriptive of respondents' device and fluid and their effectiveness in use. In the manner and by the means aforesaid the respondents represent directly and by implication that the use of said device and fluid will effect substantial economies in the operation of an automobile through lessening the gasoline and oil consumption of the automobile motor; that the use of such device and fluid will effect a saving of from 20 percent to 55 percent in the gasoline used in the operation of an automobile and will save 10 percent of the gasoline used in the operation of every car driven 1,500 or more miles per month; that the use of such device and fluid will substantially increase the power and compression of the automobile motor; will remove carbon from the motor and prevent the formation of carbon therein; will substantially lessen engine friction and attendant engine wear; eliminate the necessity of grinding the valves; prevent valves from sticking and seat valves; prevent the motor from knocking; that by the use of such device and fluid first grade or ethyl gasoline performance can be obtained with third grade gasoline; that the use of such device and fluid will prolong the life of the motor; will cause the motor to operate smoother and with less heat; will prolong the life and seal the rings of the motor and will stop or lessen oil pumping by the motor.

Said respondents also represent that the Rulo Energy Fluid is a synthetic product scientifically made from a secret formula; that

the use of such fluid removes hard carbon; that such fluid is a perfect heat-resistant lubricant; that by the use of such fluid perfect lubrication in the upper cylinder is assured even when the motor is cold when started; and that the use of such fluid stops motor wear.

PAR. 4. The representations set forth in paragraph 3 hereof which said respondents make with respect to the effectiveness of respondents' device and fluid when used are deceptive, misleading, exaggerated and untrue. In truth and in fact, the use of such device and fluid will not effect economies in the operation of an automobile through lessening of the gasoline and oil consumption of the motor. The use of such device and fluid will not save from 20 percent to 55 percent of the gasoline used in the operation of an automobile motor and will not save 10 percent of the gasoline used in the operation of any car driven 1,500 or more miles per month. In truth and in fact, the use of such device and fluid does not save any substantial amount in the cost of gasoline and oil consumed by any car driven any distance for any length of time. The use of such device and fluid will not increase the power or compression of an automobile motor; will not remove carbon from the motor or prevent the formation of carbon therein; will not substantially lessen engine friction or engine wear; will not eliminate the necessity of grinding the valves; will not prevent valves from sticking; will not seat valves, and will not prevent the motor from knocking. First grade or ethyl gasoline performance cannot be obtained from third grade gasoline by the use of such device and fluid. The use of such device and fluid will not prolong the life of motors or cause motors to operate smoother or with less heat; will not prolong the life or seal the rings of the motor, and will not stop or lessen oil pumping by the motor.

The Rulo Energy Fluid is not made from a secret formula, and it is not a perfect heat-resistant lubricant. The use of such fluid does not stop motor wear or remove carbon from the motor. The use of such fluid does not assure perfect lubrication in the upper cylinder of the motor at any time. Rulo Energy Fluid is a lubricating oil to which a small quantity of colloidal graphite is added. The addition of colloidal graphite does not enhance the value of lubricating oil for use in automobile engines.

PAR. 5. The use by the said respondents of the aforesaid statements and representations, disseminated as aforesaid, has, and had, the tendency and capacity to, and does, and did, mislead and deceive members of the purchasing public situated in various States of the United States into the erroneous and mistaken belief that the aforesaid statements and representations are and were true and into purchasing substantial quantities of respondents' device and lubricant

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because of said erroneous and mistaken belief. As a direct result thereof, trade in commerce among and between various States of the United States has been diverted unfairly to the respondents, Norman D. Loughlin, Volney T. James, and Page H. Lamoreaux, trading as Rulo Co. and Rulo Corporation, a corporation, from their said competitors engaged in selling and distributing devices and lubricants designed for similar usages. In consequence thereof, substantial injury has been done by the respondents to competition in commerce among and between the various States of the United States and in the District of Columbia.

CONCLUSION

The aforesaid acts and practices of the respondents, Norman D. Loughlin, Volney T. James, and Page H. Lamoreaux, trading as Rulo Co., and Rulo Corporation, a corporation, as herein found, are all to the prejudice and injury of the public and of respondents' 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, the answer of respondent L. E. Ruppe, testimony and other evidence taken before John J. Keenan, an examiner of the Commission theretofore duly designated by it, in support of the allegations of the complaint and in opposition thereto, and the answers of respondents Norman D. Loughlin, Volney T. James, and Page H. Lamoreaux, individually and trading as Rulo Co., and the answer of the Rulo Corporation, in which answers said respondents admitted all the material allegations of fact set forth in the complaint and state that each respondent waives all intervening procedure and further hearing as to said facts, and the Commission having made its findings as to the facts and conclusion that the respondents L. E. Ruppe, Bernal H. Dyas, and Ruth C. Hemstreet have not violated the provisions of the Federal Trade Commission Act and that the said respondents Norman D. Loughlin, Volney T. James, and Page H. Lamoreaux, individually and trading as Rulo Co., and Rulo Corporation, a corporation, have violated the provisions of the Federal Trade Commission Act.

It is ordered. That respondents Norman D. Loughlin, Volney T. James, and Page H. Lamoreaux, individually and trading as Rulo Co., and Rulo Corporation, a corporation, its officers, representatives, agents, and employees, directly or through any corporate or other de-

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vice, in connection with the offering for sale, sale, and distribution in commerce between and among the States of the United States and in the District of Columbia, of the automotive device known as "Rulo Automatic Injector" and the automotive lubricant known as "Rulo Energy Fluid," whether sold under those names or under any other name or names, do forthwith cease and desist from representing, directly or by inference, that

1. The use of said device and fluid will effect substantial economies in the operation of an automobile through the lessening of gasoline and oil consumption of the automobile motor.

2. The use of such device and fluid will effect any substantial saving of gasoline used in the operation of an automobile.

3. The use of such device and fluid will substantially increase the power and compression of the automobile motor.

4. The use of such device and fluid will remove carbon from the motor and prevent the formation of carbon therein.

5. The use of such device and fluid, or either of them, will substantially lessen engine friction and attendant engine wear.

6. The use of such device and fluid will eliminate the necessity of grinding the valves, prevent valves from sticking, and seat valves.

7. The use of such device and fluid will prevent the motor from knocking.

8. By the use of such device and fluid first grade or ethyl gasoline performance can be obtained with gasoline of a lower grade.

9. The use of such device and fluid will prolong the life of the motor, will cause the motor to operate smoother and with less heat, will prolong the life and seal the rings of the motor and will stop or lessen oil pumping by the motor.

10. "Rulo Energy Fluid" is scientifically made from a secret formula.

11. The use of such fluid removes hard carbon.

12. Said fluid is a perfect heat-resistant lubricant.

13. By the use of such fluid perfect lubrication in the upper cylinder is assured even when the motor is cold when started.

It is further ordered, That the respondents Norman D. Loughlin, Volney T. James, and Page H. Lamoreaux, individually and trading as Rulo Co., and Rulo Corporation 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, and each of them, have complied with this order.

It is further ordered, That the complaint herein be, and the same hereby is, dismissed as to the respondents L. E. Ruppe, Bernal H. Dyas, and Ruth C. Hemstreet.

IN THE MATTER OF

PETER SANDERS, HARRY SANDERS AND SAMUEL SANDERS, DOING BUSINESS AS THE PERFECT RECONDITION SPARK PLUG COMPANY, AND SAMUEL SANDERS, DOING BUSINESS AS ACE AUTO SUPPLY COMPANY

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

Docket 3392. Complaint, Jan. 24, 1939¹—Decision, June 25, 1940

Where three individuals engaged in sale of used and discarded spark plugs, for use in automotive gasoline engines, to dealers and wagon peddlers in various parts of the United States and in foreign countries for resale, and, as thus engaged, in transporting their said products to such purchasers in other States, in the District of Columbia, and in foreign countries as aforesaid, and in competition as above set forth with others engaged in manufacture and sale of spark plugs to dealers purchasing for resale and to members of public purchasing for use in various States and in said District of Columbia and foreign countries, and including among such competitors two manufacturers who respectively sold their products under identifying trade names, brands, or marks, "Champion" and "AC," placed as identifying marks on the exposed portion of the insulators of their said products and on cartons or containers in which packaged when offered and sold to purchasing public, and who had expended large sums in advertising their said respective trade-marks and spark plugs made thereunder, which were well known by large majority of motoring public and served to identify such plugs thus marked with two manufacturers aforesaid, and business in which "AC" and "Champion" spark plugs, sold to substantial extent by manufacturers thereof and by dealers therein in commerce in the various States and in said District and foreign countries, constituted a very substantial portion of the entire spark plug business in the United States;

In carrying on their aforesaid business of selling used and discarded spark plugs, consisting, substantially, almost entirely of such plugs originally made and sold by 2 manufacturers above referred to under brand names AC and Champion, as above set forth, in course of which said individuals made a practice of (1) obtaining such discarded spark plugs as junk and at small cost from garages, service stations, and other places where they had been abandoned by their owners as worthless; (2) of treating and refurbishing same by cleaning, sandblasting, filing, buffing, adjusting points, and painting metal shells with black paint; and (3) packing such plugs 10 to a box with cover bearing inscription "PERFECT RECONDITIONED REGISTERED"; and (4) selling, as hereinbefore set forth, such plugs, which, after having been treated and refurbished as aforesaid, had appearance of new and unused Champion and AC spark plugs, respectively, to small garages, dealers, and wagon peddlers for resale to public—

¹ Amended and supplemental