

IN THE MATTER OF
QUEEN ANNE CANDY COMPANY

MODIFIED CEASE AND DESIST ORDER

Docket 2277. Order, May 17, 1941

Modified order, pursuant to provisions of Section 5 (i) of Federal Trade Commission Act, in proceeding in question, in which (1) original order issued on June 25, 1935, 21 F. T. C. 102, prohibiting sale of candy by lottery schemes or devices; (2) Circuit Court of Appeals for the Seventh Circuit, on July 1, 1936, in *Federal Trade Commission v. A. McLean & Son, M. J. Holloway & Co., Queen Anne Candy Co., and The Bonita Co.*, 84 F. (2d) 910, 22 F. T. C. 1149, rendered its opinion and entered its decree modifying said order of the Commission in certain particulars and affirming the same in other particulars; and (3) on July 19, 1940, in *Federal Trade Commission v. Queen Anne Candy Co.*, 31 F. T. C. 1832,¹ modified its said decree—

Requiring respondent, its representatives, etc., in the manufacture, sale, and distribution in interstate commerce of candy and candy products, to forever cease and desist from (1) selling, etc., to jobbers, etc., for resale to retailers, candy so packed and assembled that sales thereof to the general public are to be made, or are designed to be made by means of a lottery, etc., (2) supplying, etc., wholesalers, etc., with packages or assortments of candy which are used, or are designed to be used, without alteration or rearrangement of the contents, to conduct a lottery, etc., in the sale or distribution of such contents, (3) packing, etc., in the same package, etc., of candy for sale to the public at retail, pieces of candy of uniform size, etc., having centers of a different color, together with larger pieces of candy to be given as prizes to those procuring piece of candy with center of a particular color, (4) supplying, etc., wholesalers, etc., with assortments, together with a push card or punchboard, for use or which may be used in distributing or selling said candy to public at retail, and (5) furnishing to wholesalers, etc., a push card or punchboard either with packages or assortments or separately, informing purchaser that products in question are being sold to public by lot or chance, etc., as in order below in detail specified and set forth.

MODIFIED ORDER TO CEASE AND DESIST

This proceeding coming on for further hearing before the Federal Trade Commission, and it appearing that on June 25, 1935, the Commission made its findings as to the facts herein and concluded therefrom that respondent had violated the provisions of section 5 of the Federal Trade Commission Act, and on June 25, 1935, issued, and on June 27, 1935, served its order to cease and desist; and it further appearing that on July 1, 1936, the United States Circuit Court of Appeals for the Seventh Circuit rendered its opinion and entered its

¹ Modifying decree in question not reported in Federal Reporter.

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decree modifying the aforesaid order of the Commission in certain particulars and affirming said order in other particulars, and subsequently, on July 19, 1940, modified its said decree;

Now, therefore, Pursuant to the provisions of subsection (i) of section 5 of the Federal Trade Commission Act, the Commission issues this, its modified order to cease and desist, in conformity with the said court's modified decree:

It is hereby ordered, That the said respondent, Queen Anne Candy Co., a corporation, its representatives, agents, servants, employees, and successors, in the manufacture, sale, and distribution in interstate commerce of candy and candy products, forever cease and desist from:

1. Selling and distributing to jobbers and wholesale dealers, for resale to retail dealers, candy so packed and assembled that sales of such candy to the general public are to be made or are designed to be made by means of a lottery, gaming device, or gift enterprise.

2. Supplying to, or placing in the hands of, wholesale dealers and jobbers packages or assortments of candy which are used or are designed to be used without alteration or rearrangement of the contents of such packages or assortments, to conduct a lottery, gaming device, or gift enterprise in the sale or distribution of the candy or candy products contained in said assortment to the public.

3. Packing or assembling in the same package or assortment of candy for sale to the public at retail, pieces of candy of uniform size, shape, and quality having centers of a different color, together with larger pieces of candy which larger pieces of candy are to be given as prizes to the person procuring a piece of candy with a center of a particular color.

4. Supplying to or placing in the hands of wholesale dealers and jobbers assortments of candy together with a device commonly called a push card or punchboard, for use or which may be used in distributing or selling said candy to the public at retail.

5. Furnishing to wholesale dealers and jobbers a device commonly called a push card or a punchboard either with packages or assortments of candy or candy products or separately, bearing a legend or legends or statements informing the purchaser that the candy or candy products are being sold to the public by lot or chance or in accordance with a sales plan which constitutes a lottery, gaming device, or gift enterprise.

It is further ordered, That respondent, Queen Anne Candy Co., a corporation, shall within 30 days after the service upon it of this order, file with the Commission a report in writing setting forth in detail the manner and form in which it has complied with this order.

IN THE MATTER OF
KIDDER OIL COMPANY

MODIFIED CEASE AND DESIST ORDER

Docket 3026. Order, May 20, 1941

Modified order, pursuant to provisions of section 5 (1) of Federal Trade Commission Act, in proceeding in question, in which (1) Commission on September 19, 1939, 29 F. T. C. 987, made its findings and conclusion and issued cease and desist order; and (2) Circuit Court of Appeals for the Seventh Circuit, on January 15, 1941, in *Kidder Oil Co. v. Federal Trade Commission*, 117 F. (2d) 892, 32 F. T. C. 1823, rendered its decision modifying said order of Commission and on February 28, 1941, issued its decree modifying same and directing Commission to modify such order in accordance therewith—

Requiring respondent, its officers, etc., in connection with the offer, etc., of its product "Koatsal," in commerce, to cease and desist from representing (1) that Joseph K. Kidder is an original pioneer in the blending of colloidal graphite and lubricating oil and that he has great scientific knowledge which enabled him to develop Koatsal; (2) that Koatsal, when used as a lubricant in a motor operated under "full-film" conditions, penetrates and adheres to all metal surfaces it reaches, permeates the pores of the metal, soaks into the metal, and that the metal becomes plated with Koatsal and moving parts ride on this plating; (3) that the lubricating qualities thereof, when used as a lubricant under "full-film" conditions, are any greater than the lubricating qualities of the oil therein contained; and (4) that the usual and customary earnings or profit to be derived from the sale of its product by distributors, etc., are larger than usual amounts actually so earned under normal conditions in the due course of business; as in order below in detail set forth.

MODIFIED ORDER TO CEASE AND DESIST

This proceeding coming on for further hearing before the Federal Trade Commission and it appearing that on September 19, 1939, the Commission made its findings as to the facts and concluded therefrom that the respondent had violated the provisions of the Federal Trade Commission Act and issued and subsequently served its order to cease and desist; and it further appearing that on January 15, 1941, the United States Circuit Court of Appeals for the Seventh Circuit rendered its decision modifying the Commission's order to cease and desist and on February 28, 1941, the aforesaid Circuit Court of Appeals issued its decree modifying the aforesaid order of the Commission and directed the Commission to modify its aforesaid order to cease and desist in accordance with said decree;

Now, therefore, Pursuant to the provisions of subsection (i) of section 5 of the Federal Trade Commission Act, the Commission issues